

**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

---



**CITY OF SHREVEPORT, LOUISIANA**  
For the Year Ended December 31, 2004

Finance Department  
Elizabeth B. Washington, Director

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-20-05

### **About the Cover**

The cover features Riverview, Shreveport's newest park, which was funded by the Red River Waterway Commission. Included in the park are a series of interactive fountains that play in time to music and lights, a Rose Plaza complete with 30-foot-tall artist-created rose light sculptures, a waterfall, performance area, giant amphitheater, and boat dock.

**Picture provided by Morgan, Hill, Sutton, and Mitchell Architects**

**CITY OF SHREVEPORT, LOUISIANA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

**TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	8
Organizational Chart .....	9
Principal Officials .....	10
Finance Department .....	11
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	13
Management's Discussion and Analysis .....	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	31
Statement of Activities .....	32
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	34
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	36
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds .....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..	40
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	42
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Development .....	45
Statement of Net Assets - Proprietary Funds .....	48
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	50
Statement of Cash Flows - Proprietary Funds .....	51
Statement of Fiduciary Net Assets - Fiduciary Funds .....	53
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds .....	54
Statement of Net Assets - Component Units .....	55
Statement of Activities - Component Units .....	56
Notes to the Financial Statements .....	60

Required Supplementary Information:	
Trend Data on Pension Funding .....	109
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds .....	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	116
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Riverfront Development .....	118
Combining Statement of Net Assets - Nonmajor Enterprise Funds .....	120
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds .....	121
Combining Statement of Cash Flows - Nonmajor Enterprise Funds .....	122
Combining Statement of Net Assets - Internal Service Funds .....	126
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds .....	127
Combining Statement of Cash Flows - Internal Service Funds .....	128
Combining Statement of Net Assets - Fiduciary Funds .....	132
Combining Statement of Changes in Net Assets - Fiduciary Funds .....	133
Discretely Presented Component Unit:	
Metropolitan Planning Commission	
Balance Sheet .....	136
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	137

## STATISTICAL SECTION

Fund information:	
General Governmental Expenditures by Function .....	140
General Governmental Revenues by Source .....	142
General Fund Expenditures by Function .....	143
General Fund Revenues by Source .....	144
General Fund Tax Revenues by Source .....	145
Property Tax Levies and Collections .....	146
Assessed and Estimated Actual Value of Taxable Property .....	147
Summary of Ad Valorem Tax Millage Rates .....	148
Property Tax Rates and Tax Levies - Direct and Overlapping Governments ....	149
Principal Taxpayers .....	150
Special Assessment Billings and Collections .....	151
Computation of Legal Debt Margin .....	152
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	153
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures .....	154
Computation of Direct and Overlapping Debt - General Obligation Bonds and Notes .....	155
Revenue Bond Coverage - Water and Sewer Bonds .....	156
Revenue Bond Coverage - Municipal and Regional Airports .....	157

Demographic Statistics .....	158
Property Value, Construction, and Bank Deposits .....	159
Miscellaneous Statistics .....	160





# CITY OF SHREVEPORT

P.O. BOX 31109 SHREVEPORT, LA 71130 • 1234 TEXAS AVE. SHREVEPORT, LA 71101  
web site: [www.ci.shreveport.la.us](http://www.ci.shreveport.la.us)

May 2, 2005

Mayor Keith Hightower  
Members of the City Council  
City of Shreveport, Louisiana

Mayor and Members of the City Council:

In accordance with Section 10.02, paragraph (j), of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 2004. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during 2004 that is useful to taxpayers, citizens, and other interested persons.

This report was prepared by the Accounting Division of the Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. In addition to internal controls established by management and those built into the accounting system, the Office of Internal Audit periodically reviews the adequacy of internal controls. The Internal Auditor and her staff are independent of the Finance Department. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 4.28 of the City Charter, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of

independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of KPMG LLP was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Shreveport**

The City of Shreveport was incorporated in 1839. It is located on the west bank of the Red River in Northwest Louisiana, approximately thirty miles south of Arkansas and fifteen miles east of Texas. Shreveport is the seat of Caddo Parish and the center of a metropolitan area that includes Bossier, Caddo, and Webster Parishes. Although located primarily in Caddo Parish, a small portion of the City extends into Bossier Parish. The current area of the City is approximately 121 square miles.

The City of Shreveport has been organized under a mayor-council form of government since 1978, when the current City charter was adopted by the voters. The charter provides for a seven member council, with each member selected for four-year terms from separate districts of the City. The mayor is elected at-large for a four-year term, is not a member of the council, but has veto power over council action.

The City provides a wide range of services including public safety, highways and streets, sanitation, water and sewer services, airports, transportation, recreational activities, general administration functions and others.

These financial statements present the City of Shreveport (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Included as discretely presented component units is the financial data for the City Courts, City Marshal, the Downtown Development Authority, Shreveport Home Mortgage Authority, Metropolitan Planning Commission and the Shreveport Convention Center Hotel Authority. They are reported separately within the City's financial statements to emphasize that they are legally separate from the City. Additional information on these legally separate entities can be found in the notes to the financial statements.

**Budgetary Control**

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt the final budgets no later than December 15 each year. Budgets are adopted at the fund, department, object level. The exception is the Community Development Department where the budget is at the fund, department, division, object level. Transfers outside of these require the approval of the City Council.

**Local Economy**

Unemployment for 2004 was better than 2003. The unemployment rate as of December 31, 2004 was 5.7% compared to 6.1% in 2003 and 6.6% in 2002. Over the past five years, the unemployment rate took a hit from 4.9% in 2000 to 7.1% in 2001. Since then, the rate has been steadily declining. The unemployment rate is expected to decrease in 2005. There is a projection of a couple of thousand new jobs over 2005 through 2006. This places the Shreveport area below average among its Louisiana counterparts. The positive side is there has been a nice expansion at a manufacturing plant, and it is expected to continue from 2004 to 2005. Shreveport has one of the larger durable goods manufacturing markets in the State. A large call center was opened at the end of 2004. There were 1,100 jobs with additional jobs to be added.

Casinos and their hotels added jobs to the region during the past five years. From 2000 through 2002, the Shreveport market had growth in its revenues. The casino industry felt the impact of the economy in 2003. Shreveport's revenues decreased in 2003 and have decreased again in 2004. Following is a five-year history of the City's gaming revenues at December 31:

2000	\$ 7,209,309
2001	14,819,542
2002	15,052,411
2003	13,754,595
2004	12,891,549



KPMG LLP  
Suite 1900  
333 Texas Street  
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance With Requirements Applicable to the  
Passenger Facility Charge Program and on Internal Control Over Compliance and  
Schedule of Passenger Facility Charges Revenues and Disbursements**

The Honorable Mayor and Members of the City Council  
City of Shreveport, Louisiana:

**Compliance**

We have audited the compliance of the City of Shreveport, Louisiana (City) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2004. Compliance with the requirements of laws, regulations, and contracts applicable to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item 04-1 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirement regarding PFC assurances that are applicable to its passenger facility charge program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2004.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

There have been some shifts in the local market. It has gone through growth and change. However, the casino industry continues to be a vital part of the local economy.

It is projected that there will be a faster growth in Louisiana personal income from 2004 to 2005 as compared to the 2001 - 2003 period. More money in the pockets of the citizens mean more local sales tax revenue for the City. Retail sales showed the effect of the sluggish economy from 2001 through 2003. There was a .25% rate increase beginning in 2003. Sales tax rebounded in 2004. The five-year trend has been as follows:

2000	\$75,548,503
2001	75,481,654
2002	75,971,486
2003	82,343,007
2004	87,911,418

The fact that sales tax growth was re-energized in 2004 was probably due in some part to the continued development of a wider variety of retail shopping options in the City.

Commercial construction has continued to increase in value and number of permits. In 2004, there were 100 permits issued valued at \$148,694,901 compared to 80 permits valued at \$125,055,018 in 2003. The low mortgage rates have continued to keep residential construction high. In 2004, the number of permits issued decreased to 615, down from 694 in 2003. The value of those permits increased to \$113,224,966 from \$107,285,644 in 2003. The five-year history in construction has shown ups and downs in the number of permits with mostly increases in value except between 2000 and 2001 for commercial construction. During 2000 to 2001, the value of residential construction was static. Following is a chart which shows the five-year history for commercial and residential construction:

Fiscal Year	Commercial Construction		Residential Construction	
	Number Of Units	Value	Number Of Units	Value
2000	103	\$ 72,305,845	355	\$ 56,689,353
2001	161	57,699,144	374	56,942,287
2002	87	100,925,424	448	72,277,725
2003	80	125,055,018	694	107,285,644
2004	100	148,694,901	615	113,224,966

It appears that 2004 is the year that all local economic indicators, including personal bankruptcy show that the local economy is improving and starting to grow again.

## **Long-term Financial Planning**

For many years, gaming revenues were considered a limitless source of revenue to meet various community needs. While the casino industry is still a vital part of the local economy, it is unlikely that there will be strong growth in gaming revenues in the near future. In 2004, there was lot of discussion for the 2005 budget review as to how much support the City should provide from gaming revenues for community and civic organizations.

Debt service for the Convention Center bonds has been being paid from gaming revenues. In 2005, and perhaps for the next few years, the payment will be made from the Debt Service Fund. There will be an increase of approximately \$250,000 in the amount of gaming revenues transferred to the General Fund in 2005 to help keep the operating reserve at a 7% level.

Most of the City's capital projects will have little, if any, impact on the City's operating budgets. The opening of Ledbetter Heights Park and Community Center plus Cockrell Park Community Center will increase operating costs, not likely over \$100,000 annually for each one. Increase in costs are inevitable as the City transitions from a traffic signal system with more technical complexity. These cost increases are at least several years away.

In 2004, the City was informed that the State Supreme Court reversed the lower court's decision on the amount that should be contributed to the State Firefighters Retirement System. The amount that the City contributed went from 9% of payroll to 18% and has subsequently grown to 25% of payroll. For the eighteen month past due amount, approximately \$6 million, the Retained Risk Fund absorbed the retroactive payments. This will allow the General Fund not to make immediate and severe cuts in its budget. Going forward, the City's annual payment for the firefighters pension will increase by \$4 million annually. This new mandate will make the preparation of the 2006 budgets more difficult.

On a long-term basis, the City must focus on how much support it should provide from gaming revenues to various community groups and civic groups. While sales taxes appear to be rising, revenues are projected to grow at a slower rate than expenditures. In order to fill the gap between revenues and expenditures, the City will need to make some hard choices in reducing expenditures.

The largest business-type activity is the Water and Sewer Fund. In mid-2004, the fund implemented a 10% rate increase. Another 10% increase will become effective on January 1, 2005. These increases should allow the fund to meet its budget increases primarily due to larger debt service payments on funds borrowed from the State loan programs for improvements to the wastewater treatment plant and lift stations. Also, the rate increases will pay the interest payment on the first increment of a new \$75 million bond issue for system improvements.

Long-term, the City must determine what are true needs, what are the priorities, what do citizens want, etc. In the coming budgets, these questions must be answered.

## **Relevant Financial Policies**

As discussed earlier, the City's policy on the use of unpredictable revenues, specifically gaming revenues is essential to prudent planning. Gaming revenues cannot be considered the seemingly, limitless source of revenue. As the casino industry changes, it is imperative that a policy be in place on the use of this revenue. In 2004, we have seen the effect of a policy.

## **Major Initiatives**

The City's largest major initiative for 2004 was the \$100 million project to build a convention center downtown. It is more than 50% complete. The Convention Center is scheduled to open by early 2006. The project began affecting the operating budget in 2004. In 2005, it will significantly affect the Riverfront Fund (gaming revenues) to the tune of \$1.5 million for pre-opening services. To the extent that the Convention Center runs an operating deficit after opening, it is likely to be appropriated from the Riverfront Fund. This will begin in 2006.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shreveport for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City and its management. We are proud to have received this award each year for the past twenty-five years (beginning with our Comprehensive Annual Financial Report for the fiscal year ended December 31, 1979).

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

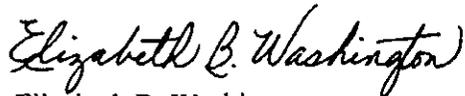
A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Shreveport, Louisiana for its Popular Annual Financial Report for the fiscal year ended December 31, 2003. We have received this award for the past nine years. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader

appeal. An Award for Outstanding Achievement in Popular Annual Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Sincere appreciation is expressed to the entire staff in the Finance Department and especially to the professional accounting staff whose dedicated and efficient services have made the preparation of this report possible. Thanks to the Mayor and City Council for your support of excellence in financial reporting and fiscal integrity.

Sincerely,



Elizabeth B. Washington  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Shreveport,  
Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

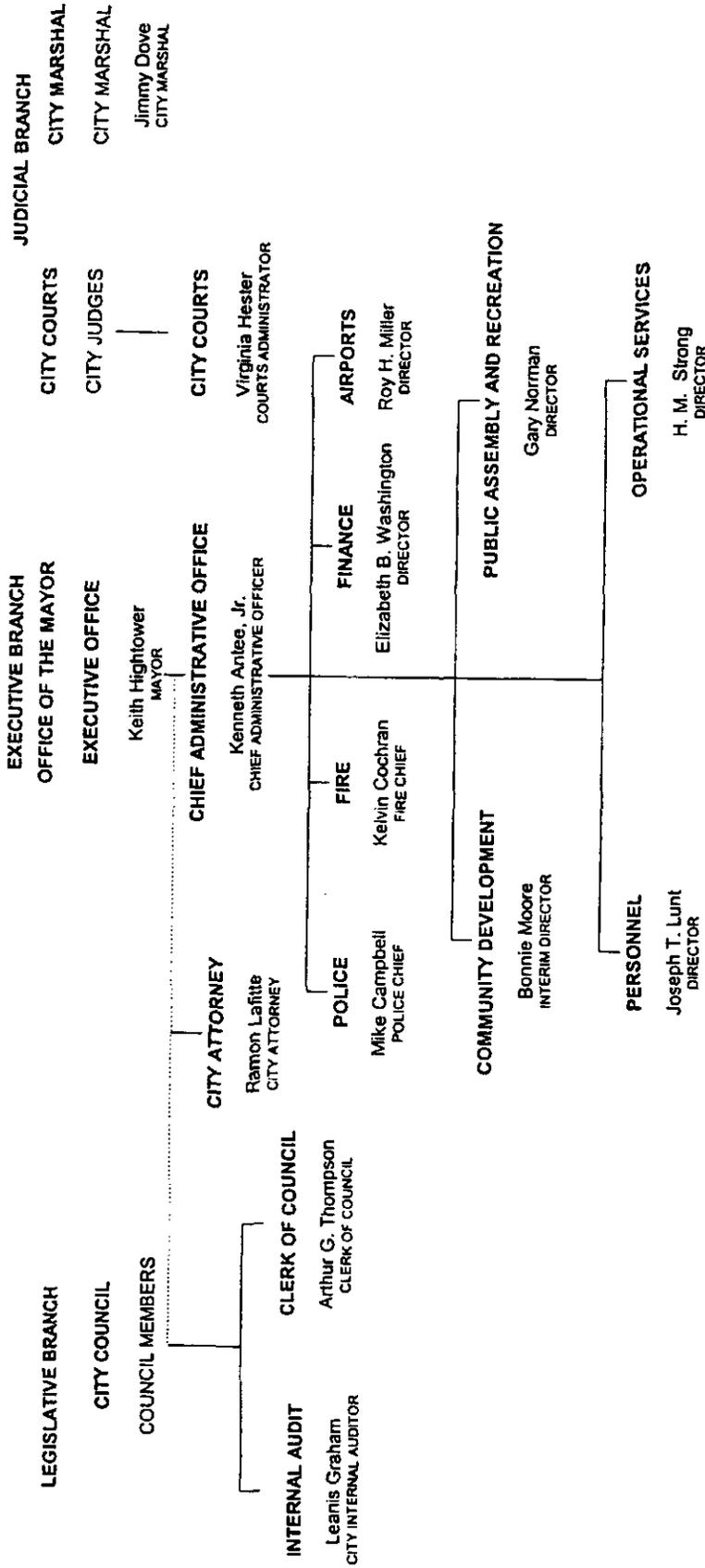
*Jeffrey R. Enos*

Executive Director

# CITY OF SHREVEPORT

## TABLE OF ORGANIZATION

December 31, 2004



**CITY OF SHREVEPORT, LOUISIANA**

**PRINCIPAL OFFICIALS**

**Keith Hightower  
Mayor**

**Kenneth R. Antee, Jr.  
Chief Administrative Officer**

**Members of City Council**

<b>Calvin B. Lester, Jr.</b>	<b>District A</b>
<b>R. M. Walford</b>	<b>District B</b>
<b>Thomas G. Carmody, Jr.</b>	<b>District C</b>
<b>Michael Gibson</b>	<b>District D</b>
<b>Jeffery A. Hogan</b>	<b>District E</b>
<b>James E. Green</b>	<b>District F</b>
<b>Theron J. Jackson</b>	<b>District G</b>

CITY OF SHREVEPORT, LOUISIANA

FINANCE DEPARTMENT

Department Director

Elizabeth B. Washington

Division Managers

John Pistorius  
Dan Thomas  
Anna Brown  
Tom Mattox  
Tom Cody

Accounting  
Data Processing  
Revenue Collection  
Purchasing  
Risk Management

Accounting Staff

Rosalyn Atkins  
Dorothy Cole  
Toronya Gillyard  
Rosie Jacobs  
Marie Lafontant  
Charles Madden  
Erma Mitchell  
Lynn Petrey  
Larry Phelps  
Lashonda Samuels

Louise Broom  
G-Ray Evans  
Danny Hawks  
Evelyn Jones  
Linda Long  
Bruce Messier  
Abigail Monette  
Diane Pharr  
James Rolfs  
Brenda Stills





KPMG LLP  
Suite 1900  
333 Texas Street  
Shreveport, LA 71101-3692

## Independent Auditors' Report

To the Members of the City Council and  
Honorable Keith Hightower, Mayor  
City of Shreveport, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shreveport, Louisiana (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying Table of Contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service, fiduciary, Shreveport Home Mortgage Authority, and Metropolitan Planning Commission funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2004 as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the City Courts, City Marshal, and Downtown Development Authority, which represent 34% and 73%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Courts, City Marshal, and Downtown Development Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective

**This page left blank intentionally**

financial position of each nonmajor governmental, nonmajor enterprise, internal service, fiduciary, Shreveport Home Mortgage Authority, and Metropolitan Planning Commission funds of the City as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, schedules of employee contributions, schedules of funding progress and related notes identified as Required Supplementary Information in the Table of Contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information in the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying financial information in the Introductory and Statistical Sections has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

KPMG LLP

April 29, 2005

**This page left blank intentionally**

## **Management's Discussion and Analysis**

The Management Discussion and Analysis (MD&A) offers the readers of the City of Shreveport's financial statements this narrative overview and analysis of the financial activities of the City of Shreveport for the fiscal year ended December 31, 2004. This information presented here should be considered in conjunction with additional information provided in the letter of transmittal which is found on pages 1-7 of this report.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at December 31, 2004 by \$782.2 million (net assets). Governmental activities' unrestricted assets are a deficit of \$15.9 million. This is the result of the City financing certain long-term liabilities that would have been paid over future years to take advantage of available lower interest rates, a reduction in the net pension asset, and a reduction in Internal Service Funds' net assets.
- The City's total net assets increased \$21.3 million. Net assets of governmental activities increased \$6.3 million and net assets of business-type activities increased \$15.0 million.
- As of December 31, 2004, the City's governmental funds reported combined ending fund balances of \$181.3 million, a decrease of \$56.7 million from the prior year. Of this amount, \$7.9 million for the General Fund was unreserved, undesignated, and available for spending.
- The unreserved, undesignated fund balances for the General Fund represented 5.1% of total General Fund expenditures.
- The City's total debt increased \$10.7 million.

### **Overview of the Financial Statements**

The management discussion and analysis serves as an introduction to the City's basic financial statements which are the government-wide financial statements, fund financial statements, and notes to the financial statements. Also included in the report is required supplementary information.

**Government-wide financial statements.** The government-wide financial statements report information about the overall finances of the City similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net assets presents information on all of the City's assets less liabilities which results in net assets. The statement is designed to display the financial position of the City. Over time, increases or decreases in net assets help determine whether the City's financial position is improving or deteriorating.

The statement of activities provides information which shows how the City's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Activities distinguish functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, culture and recreation, health and welfare, community development, economic development, and economic opportunity. The business-type activities of the City include airports, water and sewer systems, transit, golf, and parking operations.

Not only do the government-wide financial statements include the City itself which is the primary government, but also its component units, Shreveport Home Mortgage Authority, City Courts, City Marshal, Downtown Development Authority, Metropolitan Planning Commission, and the Shreveport Convention Center Hotel Authority. Although these component units are legally separate, their operational or financial relationship with the City makes the City financially accountable. The government-wide financial statements can be found on pages 31-33 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate fiscal accountability. The City uses governmental, proprietary, and fiduciary fund financial statements to provide more detailed information about the City's most significant funds rather than the City as a whole.

**Governmental funds.** Governmental funds are used to report most of the City's basic services. The funds focus on the inflows and outflows of current resources and the balances of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near- or short-term view of the City's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Assets and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds to the Statement of Activities.

Fifteen governmental funds are used by the City. There are four major funds which have separately presented information in the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Community Development, Debt Service, and 1999A General Obligation Bonds. The eleven nonmajor funds are presented in the aggregate in the governmental fund financial statements. The individual fund information is presented in combining statements.

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 34-46 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airports, water and sewer, and other operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account

for its health care, retained risk, and fleet services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the airports and water and sewer operations, both of which are considered to be major funds of the City.

Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 48-52 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the City cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 53-54 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 60-108 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 109-111 of this report.

The combining statements for nonmajor governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 114-118 for governmental funds, pages 120-123 for enterprise funds, and pages 126-129 for internal service funds and pages 132-133 for fiduciary funds.

## Government-wide Financial Analysis

**Net assets.** The following table reflects condensed information on the City's net assets:

	Net Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$243.2	\$301.6	\$ 45.0	\$ 45.1	\$ 288.2	\$ 346.7
Capital assets	<u>661.2</u>	<u>602.9</u>	<u>452.7</u>	<u>410.2</u>	<u>1,113.9</u>	<u>1,013.1</u>
Total assets	<u>904.4</u>	<u>904.5</u>	<u>497.7</u>	<u>455.3</u>	<u>1,402.1</u>	<u>1,359.8</u>
Long-term debt outstanding	398.3	411.1	166.7	145.7	565.0	556.8
Other liabilities	<u>30.7</u>	<u>24.3</u>	<u>24.2</u>	<u>17.8</u>	<u>54.9</u>	<u>42.1</u>
Total liabilities	<u>429.0</u>	<u>435.4</u>	<u>190.9</u>	<u>163.5</u>	<u>619.9</u>	<u>598.9</u>
Net assets						
Invested in capital assets, net of related debt	444.5	429.2	299.7	285.7	744.2	714.9
Restricted	46.8	44.5	1.8	1.8	48.6	46.3
Unrestricted (Deficit)	( 15.9)	( 4.6)	5.3	4.3	( 10.6)	( 3)
Total net assets	<u>\$475.4</u>	<u>\$469.1</u>	<u>\$306.8</u>	<u>\$291.8</u>	<u>\$ 782.2</u>	<u>\$ 760.9</u>

At December 31, 2004, the City as a whole had assets greater than its liabilities by \$782.2 million compared to \$760.9 million at December 31, 2003 due primarily to an increase in capital assets. The majority (93.5%) of the City's net assets of governmental activities are invested in capital assets (streets, drainage, construction in progress, buildings, equipment, etc.). The capital assets are net of the outstanding principal of the debt associated with their acquisition. These assets are not available for future expenditures since they will not be sold. Restrictions by outside organizations are imposed upon 9.8% of the net assets. Therefore, these assets are unavailable for general expenditures but must be used for the intended purposes. Unrestricted net assets of governmental activities are a deficit of \$15.9 million at the end of the year, an increase from a \$4.6 million deficit in 2003. Long-term liabilities which would have been paid over future years have been financed to take advantage of available lower interest rates. The Employees Retirement System had a \$5.6 million charge from a net pension asset to a pension obligation. The Retained Risk Fund, an internal service fund had a reduction in net assets of \$5 million. The deficit does not mean that the City has insufficient resources to pay bills for the next year. However, it does show that on a long-term basis, the City has commitments beyond which it has current resources to fund the obligation. The largest of these commitments, besides the general obligation bonds are certificates of indebtedness which were issued to fund state pension obligations and notes issued for remodeling of the Independence Stadium.

The net assets of the City's business-type activities are \$306.8 million, an increase of \$15.0 million from 2003. The increase is primarily the result of capital contributions. As with the governmental activities, the majority (97.7%) of the net assets are invested in capital assets. The City uses these assets to provide services to the citizens. The unrestricted net assets of the business-type activities are \$5.3 million at December 31, 2004 compared to \$4.3 million in the prior year.

**Changes in net assets.** The City's total revenues and expenses for governmental and business-type activities are reflected in the following chart:

**Changes in Net Assets**  
(in millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 20.1	\$ 18.3	\$ 56.4	\$ 48.9	\$ 76.5	\$ 67.2
Operating grants and contributions	17.9	15.6	3.8	2.9	21.7	18.5
Capital grants and contributions	7.2	13.5	14.8	15.7	22.0	29.2
<b>General revenues:</b>						
Property taxes	51.0	48.9	-	-	51.0	48.9
Sales taxes	87.9	82.3	-	-	87.9	82.3
Other taxes	12.8	12.6	-	-	12.8	12.6
Grants and contributions not restricted to specific programs	2.9	1.6	-	-	2.9	1.6
Other	<u>20.2</u>	<u>28.9</u>	<u>.7</u>	<u>1.0</u>	<u>20.9</u>	<u>29.9</u>
<b>Total revenues</b>	<b><u>220.0</u></b>	<b><u>221.7</u></b>	<b><u>75.7</u></b>	<b><u>68.5</u></b>	<b><u>295.7</u></b>	<b><u>290.2</u></b>
<b>Expenses:</b>						
General government	35.6	27.9	-	-	35.6	27.9
Public safety	84.3	77.4	-	-	84.3	77.4
Public works	41.0	38.1	-	-	41.0	38.1
Culture and recreation	15.3	13.5	-	-	15.3	13.5
Health and welfare	.3	.4	-	-	.3	.4
Community development	6.0	5.3	-	-	6.0	5.3
Economic development	5.1	4.8	-	-	5.1	4.8
Economic opportunity	4.6	2.9	-	-	4.6	2.9
Interest on long-term debt	17.5	17.8	-	-	17.5	17.8
Municipal and regional airports	-	-	10.2	10.4	10.2	10.4
Water and sewerage	-	-	43.1	39.8	43.1	39.8
Shreveport area transit	-	-	9.7	8.9	9.7	8.9
Golf	-	-	1.3	1.4	1.3	1.4
Downtown parking	-	-	.4	.4	.4	.4
<b>Total expenses</b>	<b><u>209.7</u></b>	<b><u>188.1</u></b>	<b><u>64.7</u></b>	<b><u>60.9</u></b>	<b><u>274.4</u></b>	<b><u>249.0</u></b>
<b>Increase (Decrease) in net assets before transfers</b>						
Transfers	10.3	33.6	11.0	7.6	21.3	41.2
Transfers	( 4.0)	( 2.9)	4.0	2.9	-	-
<b>Increase in net assets</b>	<b>6.3</b>	<b>30.7</b>	<b>15.0</b>	<b>10.5</b>	<b>21.3</b>	<b>41.2</b>
<b>Net assets January 1, 2004</b>	<b><u>469.1</u></b>	<b><u>438.4</u></b>	<b><u>291.8</u></b>	<b><u>281.3</u></b>	<b><u>760.9</u></b>	<b><u>719.7</u></b>
<b>Net assets December 31, 2004</b>	<b><u>\$475.4</u></b>	<b><u>\$469.1</u></b>	<b><u>\$306.8</u></b>	<b><u>\$291.8</u></b>	<b><u>\$782.2</u></b>	<b><u>\$760.9</u></b>

Revenues for the City's governmental activities for the year ended December 31, 2004 were \$220.0 million compared to \$221.7 million in 2003.

- Program revenues decreased \$2.2 million in 2004 compared to 2003 primarily as a result of a decrease in capital grants and contributions.
  - Capital grants and contributions were down \$6.3 million due to a decrease in the contribution of property through donations and annexations.
- General revenues are, for the most part, comprised of sales and property taxes (79.5%).
  - Property tax revenues represent 29.2% at \$51.0 million compared to \$48.9 million in 2003. Revenue increased over the prior year due to increased property values and collection of delinquent taxes. Property was revalued January 1, 2004.
  - Sales taxes represent 50.3% of revenues at \$87.9 million compared to \$82.3 million for 2003. Sales taxes increased approximately 6.8% due to increased retail sales.
  - Other revenues decreased \$8.7 million primarily due to a \$4.5 million contractor settlement for the Convention Center received in 2003. Investment earnings were lower due to a decrease in available funds for investment as a result of capital project expenditures.

#### **Revenues by Source - Governmental Activities**

The cost of providing all governmental activities this year was \$209.7 million, an increase of \$21.6 million from the prior year. The key factors for the increase were:

- General government expenses increased by \$7.7 million. This was mainly due to the decrease in the employee retirement system pension net asset and an increase in claims expenses.
- Public safety expenses increased by \$6.9 million. Most of the increase relates to an increase in pension contributions.
- Public works expenses increased by \$2.9 million. The majority of the expense increase was depreciation of \$1.5 million and an increase of \$.9 million in the operations of the landfill.

The City's five largest programs are public safety, public works, general government, interest on long-term debt and cultural and recreation. The graph below shows the expenses and program revenues generated by governmental activities:

## **Expenses and Program Revenues - Governmental Activities**

**Business-type Activities.** Charges for services for the City's business-type activities were \$56.4 million for 2004, an increase of \$7.5 million from 2003.

- Municipal and Regional Airports revenues were up \$.5 million. Landing fees increased as well as rental revenues.
- Water and Sewerage revenues increased \$7.3 million in 2004. There were two rate increases during 2004 which accounts for the increase in revenues. The rate increases were used to meet the budget increases primarily due to larger debt service payments on funds borrowed for system improvements.

**Revenues by Source - Business-type Activities**

A

The costs of these business-type activities were \$64.7 million for 2004, an increase of \$3.8 million from 2003 primarily due to increased operating and interest expenses for the Water and Sewerage Fund. Operating expenses increased \$2.3 million and interest expense increased \$1.1 million.

**Expenses and Program Revenues - Business-type Activities**

## **Financial Analysis of the City's Funds**

**Governmental funds.** The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year? The City's governmental funds for the year ended December 31, 2004 reflect combined fund balances of \$181.3 million, a decrease of \$56.7 million compared to the prior year. Forty-eight percent of the fund balances are reserved to pay for debt service (\$44.6 million) and to pay for contracts and purchase orders which have been committed to in the prior year(s) \$42.5 million. Management has an actual plan for forty-seven percent of the fund balances \$85.3 million which are reported as unreserved, designated. This is primarily for capital projects. The remainder of the fund balances are available for spending except amounts reserved for inventories and endowments and assets held for sale.

The General Fund is the City's operating fund which provides most basic services. Its fund balance had an increase of \$2.1 million from the prior year. Revenues were up for the year, increasing by \$9.3 million. The major revenue sources are property taxes, sales taxes, and charges for services.

- Sales tax collections increased \$5.6 million over 2003. Retail sales were up for the year.
- Charges for services increased \$1.5 million in 2004. The increase in charges for services was primarily in landfill and emergency medical fees.
- Total expenditures of the General Fund increased \$21.7 million from the prior year due primarily to increased pension expenses for public safety employees, equipment purchases, and increased claims expenses. Pension expenses were up \$7.1 million, equipment \$6.1 million, and claims \$3.1 million.

The Debt Service Fund has a total fund balance of \$44.6 million which is reserved for payment of principal and interest on debt outstanding. The fund balance for 2004 increased by \$2.1 million during the year. The assessed value of property increased for 2004 while debt is being paid off. Also, debt payment on the Convention Center is being paid for by casino revenues rather than through the debt service millage.

**Proprietary funds.** Net assets for the Municipal and Regional Airports increased \$10.9 million primarily as a result of capital contributions from the FAA for the noise abatement program. Property surrounding the Regional Airport was purchased in connection with the noise abatement program. Water and Sewerage's net assets increased by \$4.2 million. Revenues were up \$7.3 million due to two rate increases to primarily meet the budget increases for larger debt service payments on funds borrowed for system improvements.

## **General Fund Budgetary Highlights**

During the year, the City Council revised the City's budget several times. After the first quarter, amendments and supplemental appropriations were approved to reflect the actual beginning fund balances estimated during the budget process which must be submitted by October 1 for the next year. Additional changes were made as new information indicated a need. The major differences between the original budget and the final budget were overall revenues were revised down \$1.3 million while expenditures were increased by \$3.6 million. The increase in expenditures were mostly for improvements and equipment and materials and supplies. During the year, revenues exceeded the revised budget by \$3.1 million while expenditures exceeded the budget by \$4.0 million mostly for claims.

Overruns in appropriations at the legal level of budgetary controls were experienced by:

- Office of Mayor  
Improvements and equipment exceeded the budget by \$805 due to increased computer software purchases.
- Other unclassified  
Interest and civic appropriations exceeded the budget by \$112,655 due to lower than anticipated operating funds. No amounts were budgeted for interest expense.  
Claims exceeded the budget by \$5,193,427 partly due to an increase in claims incurred but not reported.
- Police  
Materials and supplies exceeded the budget by \$537 due to increased fuel expenses.
- Fire  
Materials and supplies exceeded the budget by \$31,410 due to increased fuel and operating supplies expenses.
- Public Works  
Personnel costs exceeded the budget by \$148,653 due to increased overtime expenses for cleanup after storm damages. Contractual services exceeded the budget \$330,134 due to increased landfill usage.
- Culture and recreation  
Materials and supplies exceeded the budget by \$60,350 due to use of inventory materials.  
Contractual services exceeded the budget by \$35,198 due to increased utility costs.

## **Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets as of December 31, 2004 for its governmental and business-type activities was \$1.1 billion net of depreciation as reflected in the following schedule.

**Capital Assets**  
(net of depreciation in millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 86.2	\$ 84.7	\$ 28.4	\$ 25.4	\$ 114.6	\$ 110.1
Construction in progress	137.4	92.8	111.6	63.3	249.0	156.1
Buildings	119.1	109.5	40.1	41.3	159.2	150.8
Improvement other than buildings	29.8	30.8	19.1	20.0	48.9	50.8
Equipment	23.0	21.3	9.2	6.5	32.2	27.8
Distribution and collection systems	-	-	244.3	253.6	244.3	253.6
Infrastructure	<u>265.7</u>	<u>263.8</u>	<u>-</u>	<u>-</u>	<u>265.7</u>	<u>263.8</u>
Total	<u>\$661.2</u>	<u>\$602.9</u>	<u>\$452.7</u>	<u>\$410.1</u>	<u>\$1,113.9</u>	<u>\$1,013.0</u>

Major additions to capital assets during the current fiscal year included the following (in millions):

Airport PART 150 property acquisition program paid for with Federal Aviation Authority grants and State grants	\$ 3.0
New City Jail funded with General Obligation Bonds	7.3
New Central Fire Station funded with General Obligation Bonds	5.0
Concrete Street Panel Replacement Project funded with General Obligation Bonds	3.0
Slack Industrial Park Roadway funded with General Obligation Bonds	2.2
New Fire Station Number 13 funded with General Obligation Bonds	1.4
I-49/Norris Ferry Road Connector funded with General Obligation Bonds and Caddo Parish funds	1.4
Fant Parkway North Extension, Phase II funded with General Obligation Bonds	<u>1.3</u>
	<u>\$24.6</u>

Current amounts committed call for spending an additional \$30.6 million on the convention center. Resources on hand from bond proceeds will be used to fund this project. The water and sewer system plans to spend an additional \$10.3 million on the Amis Water and the Lucas Wastewater Treatment Plants. The water and sewer system plans to borrow the funds to complete the projects.

Detailed information on the City's capital assets can be found in Note III E on pages 77-81 of the report.

**Long-term debt.** At year end, the City had \$559.0 million in bonds and other lending agreements, including \$8.1 million in Section 108 Housing and Urban Development guaranteed loans as shown in the following table.

Outstanding Debt  
General Obligation and Revenue Bonds  
and Other Lending Agreements  
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$285.3	\$305.8	\$ .2	\$ .3	\$285.5	\$306.1
Revenue bonds	-	-	177.4	152.9	177.4	152.9
Other lending agreements	<u>95.9</u>	<u>89.1</u>	<u>.2</u>	<u>.2</u>	<u>96.1</u>	<u>89.3</u>
Total	<u>\$381.2</u>	<u>\$394.9</u>	<u>\$177.8</u>	<u>\$153.4</u>	<u>\$559.0</u>	<u>\$548.3</u>

New debt was added during the fiscal year. In governmental activities, \$24.7 million in refunding bonds were issued. In business activities, new debt of \$33.0 million was issued and \$10.7 million in refunding debt was issued. The new debt was issued for improvements to the water and sewer systems.

State statutes limit the amount of government obligation debt a municipality may issue at a maximum of 10% of the assessed valuation for any purpose. The maximum may be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. The City's outstanding general obligation debt is below the state limit. Approximately \$114 million of additional general obligation bonded debt is available for issuance.

Detailed information on the City's long-term debt can be found in Note III H on pages 83-98 of the report.

**Economic Factors and Next Year's Budgets and Rates**

The economy is an issue which had to be taken into consideration when developing next year's budget. The local economy appears to be improving. Retail sales are projected to increase 2.5% in 2005. Unemployment is expected to decrease in 2005. Employment in services and in the retail sector are the areas where most jobs are located. Retail trade is one of the largest employment sectors in Louisiana.

In setting the budgets for 2005, the City dealt with a number of issues with City-wide impact. Among the issues was the need to increase the number of police officers on patrol, providing equipment for departments and water and sewer infrastructure needs. The 2005 budget included funding two new recruit classes in the Police Department and one in the Fire Department. To continue improving the quality and condition of the equipment operated by the City departments, a \$3.7 million financing package was included in the 2005 budget to be paid for over five years. The Water and Sewerage Department's budget will include selling \$25 million of bonds in 2005, the first in a series of \$75 million, for water and sewer improvements.

A rate increase of 10% for water and sewer charges will be reflected in next year's budget. The increase takes effect on January 1, 2005. Overall, there are no major new programs contemplated in the 2005 budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Shreveport, 505 Travis Street, Suite 670, Shreveport, LA 71101.



**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 106,740,667	\$ 3,815,062	\$ 110,555,729	\$ 6,555,025
Investments	74,475,461	2,458,679	76,934,140	3,958,770
Receivable, net	41,574,182	9,690,441	51,264,623	1,143,103
Due from component unit	38,750	--	38,750	--
Due from primary government	--	--	--	63,244
Internal balances	900,944	(900,944)	--	--
Inventories	1,106,318	1,176,002	2,282,320	--
Prepaid items	751,057	165,675	916,732	99,331
Mortgage and notes receivable	13,243,158	--	13,243,158	13,795,324
Other assets	2,839,440	2,796,585	5,636,025	563,246
Restricted assets:				
Cash and cash equivalents	1,521,000	9,653,224	11,174,224	2,948,680
Investments	--	16,147,011	16,147,011	--
Capital assets:				
Land and construction in progress	223,636,451	140,002,123	363,638,574	1,003,514
Other capital assets, net of depreciation	437,564,049	312,689,072	750,253,121	1,931,082
Total assets	904,391,477	497,692,930	1,402,084,407	32,061,319
<b>LIABILITIES</b>				
Accounts payable	10,035,409	6,099,893	16,135,302	190,662
Accrued liabilities	384,109	4,986,577	5,370,686	9,943
Accrued interest payable	3,503,891	8,660	3,512,551	116,567
Due to component unit	63,244	34,000	97,244	--
Due to other governments	6,522,652	--	6,522,652	51,470
Due to primary government	--	--	--	38,750
Deferred revenue	9,590,077	68,460	9,658,537	--
Liabilities payable from restricted assets	--	12,561,563	12,561,563	--
Deposits and deferred charges	599,845	463,049	1,062,894	--
Non-current liabilities:				
Due within one year	37,384,991	541,258	37,926,249	2,193,883
Due in more than one year	360,902,341	166,138,287	527,040,628	18,053,894
Total liabilities	428,986,559	190,901,747	619,888,306	20,655,169
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	444,476,123	299,719,309	744,195,432	2,583,753
Restricted for:				
Debt service	43,552,696	1,771,797	45,324,493	2,217,596
Community development	1,905,823	--	1,905,823	--
Other purposes	1,385,173	--	1,385,173	1,123,157
Unrestricted (deficit)	(15,914,897)	5,300,077	(10,614,820)	5,481,644
Total net assets	\$ 475,404,918	\$ 306,791,183	\$ 782,196,101	\$ 11,406,150

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 35,556,332	\$ --	\$ --	\$ --
Public safety	84,274,805	7,579,210	6,713,167	--
Public works	41,031,932	11,570,980	606,437	7,199,579
Culture and recreation	15,353,039	694,610	15,032	--
Health and welfare	293,575	--	8,107	--
Community development	6,022,108	228,556	5,397,428	--
Economic development	5,073,823	--	537,491	--
Economic opportunity	4,596,238	--	4,616,772	--
Interest on long-term debt	17,540,449	--	--	--
Total governmental activities	209,742,301	20,073,356	17,894,434	7,199,579
Business-type activities				
Municipal and Regional Airports	10,208,330	7,103,457	293,689	13,430,190
Water and Sewerage	43,058,325	45,695,302	1,000,087	1,006,950
Shreveport Area Transit System	9,728,821	1,968,562	2,530,859	356,151
Golf	1,334,610	989,289	--	--
Downtown Parking	433,000	598,239	--	--
Total business-type activities	64,763,086	56,354,849	3,824,635	14,793,291
<b>Total primary government</b>	<b>\$ 274,505,387</b>	<b>\$ 76,428,205</b>	<b>\$ 21,719,069</b>	<b>\$ 21,992,870</b>
<b>Component units:</b>				
Shreveport Home Mortgage Authority	\$ 965,097	\$ 711,550	\$ --	\$ --
City Courts	2,471,114	569,875	--	--
City Marshal	1,422,048	256,360	--	--
Downtown Development Authority	1,508,483	651,477	--	--
Metropolitan Planning Commission	1,122,614	142,396	155,000	--
<b>Total component units</b>	<b>\$ 7,489,356</b>	<b>\$ 2,331,658</b>	<b>\$ 155,000</b>	<b>\$ --</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes levied for general purposes				
Property taxes levied for debt service				
Sales taxes				
Franchise taxes				
Occupational licenses				
Gaming				
Grants and contributions not restricted to specific programs				
Investment earnings				
Payment from City of Shreveport				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes are an integral part of the financial statements.

**Net (Expenses) Revenue and  
Changes in Net Assets  
Primary Government**

Governmental Activities	Business-type Activities	Total	Component Units
\$ (35,556,332)	\$ --	\$ (35,556,332)	\$ --
(69,982,428)	--	(69,982,428)	--
(21,654,936)	--	(21,654,936)	--
(14,643,397)	--	(14,643,397)	--
(285,468)	--	(285,468)	--
(396,124)	--	(396,124)	--
(4,536,332)	--	(4,536,332)	--
20,534	--	20,534	--
(17,540,449)	--	(17,540,449)	--
(164,574,932)	--	(164,574,932)	--
--	10,619,006	10,619,006	--
--	4,644,014	4,644,014	--
--	(4,873,249)	(4,873,249)	--
--	(345,321)	(345,321)	--
--	165,239	165,239	--
--	10,209,689	10,209,689	--
(164,574,932)	10,209,689	(154,365,243)	--
--	--	--	(253,547)
--	--	--	(1,901,239)
--	--	--	(1,165,688)
--	--	--	(857,006)
--	--	--	(880,973)
--	--	--	(5,058,453)
20,929,041	--	20,929,041	918,309
30,078,509	--	30,078,509	--
87,911,418	--	87,911,418	--
6,924,341	--	6,924,341	--
5,892,082	--	5,892,082	--
12,891,549	--	12,891,549	--
2,932,256	--	2,932,256	--
3,840,636	731,051	4,571,687	182,679
--	--	--	4,036,584
3,493,196	--	3,493,196	179,839
(3,982,341)	3,982,341	--	--
170,910,687	4,713,392	175,624,079	5,317,411
6,335,755	14,923,081	21,258,836	258,958
469,069,163	291,868,102	760,937,265	11,147,192
\$ 475,404,918	\$ 306,791,183	\$ 782,196,101	\$ 11,406,150

**CITY OF SHREVEPORT, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	General	Community Development	Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,680,157	\$ 200	\$ 23,491,181
Investments	2,371,620	--	15,139,276
Property taxes receivable, net	5,469,458	--	8,085,611
Franchise taxes receivable	1,706,069	--	--
Accounts receivable, net	1,174,455	545,813	--
Due from component unit	38,750	--	--
Due from other governments	10,203,682	6,572,607	340,519
Due from other funds	5,680,099	32,649	--
Inventories, at cost	845,598	--	--
Notes receivable, net	--	13,243,158	--
Assets held for resale	--	15,523	--
Restricted assets:			
Cash and cash equivalents	1,521,000	--	--
Total assets	<u>\$ 32,690,888</u>	<u>\$ 20,409,950</u>	<u>\$ 47,056,587</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 1,890,366	\$ 207,884	\$ --
Accrued liabilities	384,109	--	--
Due to other governments	6,294,974	227,678	--
Due to other funds	6,276,994	596,895	--
Due to component unit	63,244	--	--
Deferred revenue	2,005,289	9,218,556	2,440,226
Deposits and deferred charges	599,845	--	--
Notes payable	--	8,115,000	--
Total liabilities	<u>17,514,821</u>	<u>18,366,013</u>	<u>2,440,226</u>
Fund balance:			
Reserved for:			
Debt service	--	--	44,616,361
Encumbrances	3,860,789	1,881,611	--
Assets held for resale	--	15,523	--
Inventories	845,598	--	--
Endowments	14,719	--	--
Unreserved, designated for:			
Subsequent years' expenditures	--	--	--
Landfill closure	2,542,388	--	--
Unreserved, undesignated	7,912,573	146,803	--
Unreserved, designated reported in nonmajor:			
Special revenue funds	--	--	--
Capital project funds	--	--	--
Unreserved, undesignated reported in nonmajor:			
Special revenue funds	--	--	--
Total fund balance	15,176,067	2,043,937	44,616,361
Total liabilities and fund balance	<u>\$ 32,690,888</u>	<u>\$ 20,409,950</u>	<u>\$ 47,056,587</u>

The accompanying notes are an integral part of the financial statements.

1999A General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
\$ 29,265,225	\$ 36,159,334	\$ 92,596,097
18,860,452	33,239,404	69,610,752
--	--	13,555,069
--	--	1,706,069
--	1,109,797	2,830,065
--	--	38,750
--	1,507,704	18,624,512
266,923	13,124,879	19,104,550
--	--	845,598
--	--	13,243,158
--	75,335	90,858
--	--	1,521,000
\$ 48,392,600	\$ 85,216,453	\$ 233,766,478
\$ 4,847,350	\$ 2,616,760	\$ 9,562,360
--	--	384,109
--	--	6,522,652
--	6,650,753	13,524,642
--	--	63,244
--	15,423	13,679,494
--	--	599,845
--	--	8,115,000
4,847,350	9,282,936	52,451,346
--	--	44,616,361
27,968,397	8,757,622	42,468,419
--	75,335	90,858
--	--	845,598
--	--	14,719
15,576,853	--	15,576,853
--	--	2,542,388
--	--	8,059,376
--	2,867,941	2,867,941
--	64,312,443	64,312,443
--	(79,824)	(79,824)
43,545,250	75,933,517	181,315,132
\$ 48,392,600	\$ 85,216,453	\$ 233,766,478

**CITY OF SHREVEPORT, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Fund balances - total governmental funds	\$	181,315,132
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	873,696,361	
Less accumulated depreciation	(213,066,480)	660,629,881
<p>Other assets used in governmental activities that are not financial resources and therefore are not reported in the governmental funds</p>		
Bond issuance costs	2,133,002	
Less amortization	(218,777)	1,914,225
<p>Net pension assets represent the excess cumulative contributions to pension plans and are not considered as financial resources for governmental funds</p>		
Policemens pension and relief fund		834,357
<p>Some of the City's property taxes will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the governmental funds.</p>		
		4,089,417
<p>Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities at year-end consist of:</p>		
Bonds, notes, and loans payable	(377,700,138)	
Unamortized bond discount	3,561,921	
Unamortized certificate of indebtedness discount	53,821	
Deferred charge on refunding	2,542,107	
Unamortized bond premium	(1,543,987)	
Accrued interest payable	(3,503,891)	
Net pension obligations	(1,477,670)	
Landfill postclosure care	(2,542,388)	
Compensated absences	(1,892,261)	(382,502,486)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.</p>		
		9,124,392
Net assets of governmental activities.	\$	475,404,918

The accompanying notes are an integral part of the financial statements.



**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Community Development</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 20,537,534	\$ --	\$ 29,488,294
Sales	87,911,418	--	--
Franchise	6,924,341	--	--
Licenses and permits	7,600,397	--	--
Intergovernmental	7,861,842	10,015,993	1,313,742
Charges for services	19,012,947	228,556	--
Fines and forfeitures	2,799,844	--	--
Gaming	--	--	--
Investment earnings	59,178	21,346	289,847
Miscellaneous	1,342,457	713,148	--
Total revenues	<u>154,049,958</u>	<u>10,979,043</u>	<u>31,091,883</u>
<b>EXPENDITURES</b>			
Current:			
General government	29,464,878	2,286,627	--
Public safety	80,464,341	--	--
Public works	33,005,430	--	--
Culture and recreation	11,020,022	26,896	--
Health and welfare	--	293,575	--
Community development	--	4,814,883	--
Economic development	--	729,206	--
Economic opportunity	--	4,596,238	--
Debt service:			
Principal	--	--	28,278,794
Interest and other charges	--	--	15,778,900
Bond issuance costs	--	--	589,202
Advance refunding escrow	--	--	328,184
Capital outlay	--	--	--
Total expenditures	<u>153,954,671</u>	<u>12,747,425</u>	<u>44,975,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>95,287</u>	<u>(1,768,382)</u>	<u>(13,883,197)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	9,984,438	2,360,946	15,403,084
Transfers out	(14,040,616)	(602,358)	--
Refunding bonds issued	--	--	24,665,443
Premium on bonds issued	--	--	588,117
Certificate of indebtedness issued	--	--	--
Discount on certificate of indebtedness issued	--	--	--
Loan proceeds	--	--	--
Capital leases	6,107,126	--	--
Payments to refunded bond escrow agent	--	--	(24,637,089)
Total other financing sources and (uses)	<u>2,050,948</u>	<u>1,758,588</u>	<u>16,019,555</u>
Net change in fund balances	2,146,235	(9,794)	2,136,358
Fund balances-beginning	13,029,832	2,053,731	42,480,003
Fund balances-ending	<u>\$ 15,176,067</u>	<u>\$ 2,043,937</u>	<u>\$ 44,616,361</u>

The accompanying notes are an integral part of the financial statements.

1999A General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 50,025,828
--	--	87,911,418
--	--	6,924,341
--	--	7,600,397
--	5,980,604	25,172,181
--	--	19,241,503
--	--	2,799,844
--	12,891,549	12,891,549
1,858,339	1,465,668	3,694,378
--	1,437,591	3,493,196
<u>1,858,339</u>	<u>21,775,412</u>	<u>219,754,635</u>
--	1,320,541	33,072,046
--	2,229,966	82,694,307
--	--	33,005,430
--	49,726	11,096,644
--	--	293,575
--	--	4,814,883
--	4,344,617	5,073,823
--	--	4,596,238
--	--	28,278,794
--	--	15,778,900
--	130,968	720,170
--	--	328,184
41,686,163	30,468,272	72,154,435
<u>41,686,163</u>	<u>38,544,090</u>	<u>291,907,429</u>
<u>(39,827,824)</u>	<u>(16,768,678)</u>	<u>(72,152,794)</u>
--	12,153,775	39,902,243
--	(23,241,649)	(37,884,623)
--	49,557	24,715,000
--	--	588,117
--	5,375,000	5,375,000
--	(53,910)	(53,910)
--	1,295,025	1,295,025
--	--	6,107,126
--	--	(24,637,089)
--	(4,422,202)	15,406,889
(39,827,824)	(21,190,880)	(56,745,905)
83,373,074	97,124,397	238,061,037
<u>\$ 43,545,250</u>	<u>\$ 75,933,517</u>	<u>\$ 181,315,132</u>

**CITY OF SHREVEPORT, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Net change in fund balances - total governmental funds \$ (56,745,905)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	77,098,644	
Depreciation expense	<u>(21,296,186)</u>	55,802,458

Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial revenues.		2,829,411
----------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

Transfer of capital assets to the Golf Enterprise Fund decreases net assets in the Statement of Activities, but does not appear in the governmental funds because they are not financial resources.		(319,862)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

Revenues reported in the Statement of Activities which are not reported in governmental funds because they do not provide current financial resources.

This adjustment is to recognize the net change in unavailable revenues.

(Property taxes)		981,722
------------------	--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Bonds issued	(24,715,000)	
Premium on bonds issued	(588,117)	
Loan proceeds	(1,295,025)	
Certificate of indebtedness issued	(5,375,000)	
Discount on certificate of indebtedness issued	53,910	
Capital leases	(6,107,126)	
Issuance costs	720,170	
Principal payments	28,278,794	
Payments to refunded bond escrow agent	<u>24,965,273</u>	15,937,879

The changes in other long-term assets and liabilities are reported in the Statement of Activities but do not affect current financial resources of governmental funds. The changes are as follows:

Employees' retirement system net asset	(4,380,815)	
Employees' retirement system net obligation	(1,257,315)	
Policemen's pension and relief fund net asset	(43,591)	
Firemen's pension and relief fund net obligation	<u>11,513</u>	(5,670,208)

(continued)

(continued)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These expenses consist of:

Interest accreted on capital appreciation debt	(1,808,442)	
Amortization of deferred charge on refunding	(140,670)	
Amortization of certificate of indebtedness discount	(89)	
Amortization of bond premiums	111,114	
Decrease in accrued interest	78,922	
Amortization of issuance costs	(101,303)	
Increase in compensated absences	(26,248)	
Increase in landfill postclosure care	<u>(429,790)</u>	(2,316,506)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.

(4,163,234)

Change in net assets of governmental activities.

\$ 6,335,755

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 110,422,600	\$ 111,772,600	\$ 115,373,293	\$ 3,600,693
Licenses and Permits	7,376,500	7,383,500	7,600,397	216,897
Intergovernmental	2,680,000	4,487,300	4,032,982	(454,318)
Charges for services	18,444,000	18,916,000	19,012,947	96,947
Fines and forfeitures	3,047,600	3,047,600	2,799,844	(247,756)
Investment earnings	--	--	59,178	59,178
Miscellaneous	6,472,500	1,499,500	1,342,457	(157,043)
<b>Total revenues</b>	<u>148,443,200</u>	<u>147,106,500</u>	<u>150,221,098</u>	<u>3,114,598</u>
<b>EXPENDITURES</b>				
General government:				
Office of mayor:				
Salaries, wages and employee benefits	2,094,302	2,079,302	2,034,243	45,059
Materials and supplies	39,392	39,392	36,471	2,921
Contractual services	191,556	191,556	189,088	2,468
Other charges	5,700	5,700	2,536	3,164
Improvements and equipment	15,000	30,000	30,805	(805)
<b>Total office of mayor</b>	<u>2,345,950</u>	<u>2,345,950</u>	<u>2,293,143</u>	<u>52,807</u>
City council:				
Salaries, wages and employee benefits	935,051	934,051	859,478	74,573
Materials and supplies	13,612	13,612	11,136	2,476
Contractual services	270,884	270,884	250,449	20,435
Improvements and equipment	17,634	26,634	25,790	844
<b>Total city council</b>	<u>1,237,181</u>	<u>1,245,181</u>	<u>1,146,853</u>	<u>98,328</u>
Finance:				
Salaries, wages and employee benefits	3,990,113	3,940,113	3,793,452	146,661
Materials and supplies	286,553	286,553	260,408	26,145
Contractual services	1,234,932	1,284,932	1,282,288	2,644
Improvements and equipment	509,839	509,839	509,039	800
<b>Total finance</b>	<u>6,021,437</u>	<u>6,021,437</u>	<u>5,845,187</u>	<u>176,250</u>
Other - unclassified:				
Salaries, wages and employee benefits	3,019,208	3,004,208	2,932,592	71,616
Materials and supplies	1,000	1,000	--	1,000
Contractual services	311,000	326,000	310,857	15,143
Improvements and equipment	--	1,300,000	1,300,000	--
Interest and civic appropriations	2,177,000	1,977,000	2,089,655	(112,655)
Payments to component units	4,294,875	4,294,600	4,036,584	258,016
Claims	4,756,900	4,756,900	9,950,327	(5,193,427)
<b>Total other - unclassified</b>	<u>14,559,983</u>	<u>15,659,708</u>	<u>20,620,015</u>	<u>(4,960,307)</u>
<b>Total general government</b>	<u>24,164,551</u>	<u>25,272,276</u>	<u>29,905,198</u>	<u>(4,632,922)</u>

(continued)

(continued)

**CITY OF SHREVEPORT, LOUISIANA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Public safety:</b>				
<b>Police:</b>				
Salaries, wages and employee benefits	35,369,494	35,674,494	35,385,436	289,058
Materials and supplies	940,457	1,095,457	1,095,994	(537)
Contractual services	1,770,129	1,825,129	1,796,980	28,149
Other charges	57,000	67,000	63,486	3,514
Improvements and equipment	2,002,860	2,002,860	2,002,812	48
<b>Total police</b>	<b>40,139,940</b>	<b>40,664,940</b>	<b>40,344,708</b>	<b>320,232</b>
<b>Fire:</b>				
Salaries, wages and employee benefits	34,217,849	34,217,849	34,163,001	54,848
Materials and supplies	989,101	1,079,101	1,110,511	(31,410)
Contractual services	1,451,111	1,556,111	1,551,100	5,011
Other charges	6,300	6,300	785	5,515
Improvements and equipment	570,698	2,091,698	2,074,912	16,786
<b>Total fire</b>	<b>37,235,059</b>	<b>38,951,059</b>	<b>38,900,309</b>	<b>50,750</b>
<b>Total public safety</b>	<b>77,374,999</b>	<b>79,615,999</b>	<b>79,245,017</b>	<b>370,982</b>
<b>Public Works:</b>				
Salaries, wages and employee benefits	11,573,557	11,573,557	11,722,210	(148,653)
Materials and supplies	1,740,581	1,990,581	1,779,580	211,001
Contractual services	12,866,016	13,236,016	13,566,150	(330,134)
Other charges	500	500	--	500
Improvements and equipment	8,587,350	7,978,350	7,574,342	404,008
<b>Total public works</b>	<b>34,768,004</b>	<b>34,779,004</b>	<b>34,642,282</b>	<b>136,722</b>
<b>Culture and recreation:</b>				
Salaries, wages and employee benefits	7,088,518	7,053,518	6,865,178	188,340
Materials and supplies	766,714	811,714	872,064	(60,350)
Contractual services	2,855,692	3,095,692	3,130,890	(35,198)
Other charges	231,182	231,182	214,812	16,370
Improvements and equipment	368,359	368,359	367,898	461
<b>Total culture and recreation</b>	<b>11,310,465</b>	<b>11,560,465</b>	<b>11,450,842</b>	<b>109,623</b>
<b>Total expenditures</b>	<b>147,618,019</b>	<b>151,227,744</b>	<b>155,243,339</b>	<b>(4,015,595)</b>
Excess (deficiency) of revenues over (under) expenditures	825,181	(4,121,244)	(5,022,241)	(900,997)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	--	6,121,000	6,107,126	(13,874)
Transfers in	4,045,000	4,295,000	4,304,339	9,339
Transfers out	(6,607,400)	(7,499,600)	(7,103,778)	395,822
<b>Total other financing sources and uses</b>	<b>(2,562,400)</b>	<b>2,916,400</b>	<b>3,307,687</b>	<b>391,287</b>

(continued)

(continued)

**CITY OF SHREVEPORT, LOUISIANA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balance	(1,737,219)	(1,204,844)	(1,714,554)	(509,710)
Fund balances -beginning	<u>13,029,832</u>	<u>13,029,832</u>	<u>13,029,832</u>	<u>--</u>
Fund balances-ending	<u>\$ 11,292,613</u>	<u>\$ 11,824,988</u>	<u>\$ 11,315,278</u>	<u>\$ (509,710)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMMUNITY DEVELOPMENT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 12,864,100	\$ 20,291,600	\$ 10,015,993	\$ (10,275,607)
Charges for services	175,000	175,000	228,556	53,556
Miscellaneous	2,363,100	2,609,000	734,494	(1,874,506)
Total revenues	<u>15,402,200</u>	<u>23,075,600</u>	<u>10,979,043</u>	<u>(12,096,557)</u>
<b>EXPENDITURES</b>				
Administration:				
Salaries, wages and employee benefits	495,100	578,700	553,470	25,230
Materials and supplies	7,100	9,100	8,294	806
Contractual services	122,200	110,600	111,059	(459)
Improvements and equipment	11,800	11,800	2,530	9,270
Total administration	<u>636,200</u>	<u>710,200</u>	<u>675,353</u>	<u>34,847</u>
Community development projects:				
Grants	931,422	1,037,423	580,815	456,608
Total community development projects	<u>931,422</u>	<u>1,037,423</u>	<u>580,815</u>	<u>456,608</u>
Housing and business development:				
Materials and supplies	17,000	32,500	22,893	9,607
Contractual services	5,000	5,000	--	5,000
Other charges	10,770,463	13,253,096	4,374,680	8,878,416
Improvements and equipment	345,673	505,673	522,024	(16,351)
Total housing and business development	<u>11,138,136</u>	<u>13,796,269</u>	<u>4,919,597</u>	<u>8,876,672</u>
Housing and business development administration:				
Salaries, wages and employee benefits	496,062	501,162	507,208	(6,046)
Materials and supplies	15,500	15,500	15,465	35
Contractual services	239,211	227,211	225,736	1,475
Other charges	1,000	1,000	354	646
Improvements and equipment	5,700	5,700	4,817	883
Total housing and business development administration	<u>757,473</u>	<u>750,573</u>	<u>753,580</u>	<u>(3,007)</u>
Workforce development:				
Salaries, wages and employee benefits	1,248,639	2,242,778	1,151,696	1,091,082
Materials and supplies	56,800	94,300	40,230	54,070
Contractual services	1,765,479	5,060,040	3,599,275	1,460,765
Other charges	105,800	99,000	97,633	1,367
Improvements and equipment	37,500	60,500	127,779	(67,279)
Total workforce development	<u>3,214,218</u>	<u>7,556,618</u>	<u>5,016,613</u>	<u>2,540,005</u>

(continued)

(continued)

**CITY OF SHREVEPORT, LOUISIANA**  
**COMMUNITY DEVELOPMENT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Workforce development administration:				
Salaries, wages and employee benefits	208,807	468,207	258,762	209,445
Materials and supplies	8,000	30,000	3,940	26,060
Contractual services	24,860	120,960	31,572	89,388
Other charges	1,000	3,000	--	3,000
Improvements and equipment	5,000	7,000	7,000	--
Total workforce development administration	<u>247,667</u>	<u>629,167</u>	<u>301,274</u>	<u>327,893</u>
Codes enforcement:				
Salaries, wages and employee benefits	789,939	774,938	763,425	11,513
Materials and supplies	108,147	123,147	113,495	9,652
Contractual services	1,062,407	962,408	932,565	29,843
Other charges	370,432	470,432	446,295	24,137
Improvements and equipment	126,024	126,024	126,024	--
Total codes enforcement	<u>2,456,949</u>	<u>2,456,949</u>	<u>2,381,804</u>	<u>75,145</u>
Total Expenditures	<u>19,382,065</u>	<u>26,937,199</u>	<u>14,629,036</u>	<u>12,308,163</u>
Deficiency of revenues under expenditures	(3,979,865)	(3,861,599)	(3,649,993)	211,606
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,061,900	2,155,900	2,360,946	205,046
Transfers out	(350,000)	(350,000)	(602,358)	(252,358)
Total other financing sources and uses	<u>1,711,900</u>	<u>1,805,900</u>	<u>1,758,588</u>	<u>(47,312)</u>
Net change in fund balance	(2,267,965)	(2,055,699)	(1,891,405)	164,294
Fund balances - beginning	<u>2,053,731</u>	<u>2,053,731</u>	<u>2,053,731</u>	--
Fund balances - ending	<u>\$ (214,234)</u>	<u>\$ (1,968)</u>	<u>\$ 162,326</u>	<u>\$ 164,294</u>

The accompanying notes are an integral part of the financial statements.



CITY OF SHREVEPORT, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total		
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 2,855,036	\$ --	\$ 960,026	\$ 3,815,062	\$ 14,144,570	
Investments	1,839,975	--	618,704	2,458,679	4,864,709	
Receivables, net	1,200,196	5,491,761	134,654	6,826,611	1,786,378	
Due from other funds	--	--	660,766	660,766	5,823,067	
Due from other governments	2,532,163	--	331,667	2,863,830	--	
Inventories	2,877	852,902	320,223	1,176,002	260,720	
Prepaid items	--	--	165,675	165,675	751,057	
Cash and cash equivalents restricted	--	5,708,150	--	5,708,150	--	
Investments restricted	--	3,678,711	--	3,678,711	--	
Total current assets	8,430,247	15,731,524	3,191,715	27,353,486	27,630,501	
Noncurrent Assets:						
Restricted:						
Cash and cash equivalents	1,337,352	2,607,722	--	3,945,074	--	
Investments	2,633,674	9,834,626	--	12,468,300	--	
Unamortized bonds costs	614,677	2,181,908	--	2,796,585	--	
Capital Assets:						
Land	25,419,445	1,032,277	1,940,408	28,392,130	62,000	
Construction in process	12,797,545	98,812,448	--	111,609,993	--	
Buildings	56,530,349	--	8,559,850	65,090,199	913,088	
Improvements other than buildings	54,021,568	--	868,530	54,890,098	--	
Equipment	6,520,817	8,032,792	13,653,993	28,207,602	601,509	
Distribution and collection systems	--	380,804,132	--	380,804,132	--	
Less accumulated depreciation	(64,217,181)	(141,192,674)	(10,893,104)	(216,302,959)	(1,005,978)	
Total capital assets (net of accumulated depreciation)	91,072,543	347,488,975	14,129,677	452,691,195	570,619	
Total noncurrent assets	95,658,246	362,113,231	14,129,677	471,901,154	570,619	
Total assets	104,088,493	377,844,755	17,321,392	499,254,640	28,201,120	

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds		
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	1,396,185	4,578,443	125,265	6,099,893	116,732
Accrued liabilities	869,440	3,472,256	644,881	4,986,577	--
Accrued interest payable	--	8,660	--	8,660	--
Due to component unit	--	--	34,000	34,000	--
Due to other funds	54,426	1,507,284	--	1,561,710	7,786,259
Deferred revenue	27,064	--	41,396	68,460	--
Customer deposits	14,191	448,858	--	463,049	--
Compensated absences	24,011	77,530	212,337	313,878	14,918
Claims and judgments	--	--	--	--	11,089,766
Leases payable	--	50,722	--	50,722	--
General obligation bonds payable, net	--	176,658	--	176,658	--
Liabilities payable from restricted assets:					
Revenue bonds and notes payable, net	--	11,952,386	--	11,952,386	--
Accrued interest payable	--	609,177	--	609,177	--
Total current liabilities	2,385,317	22,881,974	1,057,879	26,325,170	19,007,675
Noncurrent Liabilities:					
Compensated absences	125,214	351,832	42,984	520,030	69,053
Leases payable	--	110,746	--	110,746	--
Revenue bonds and notes payable, net	23,135,000	142,372,511	--	165,507,511	--
Total noncurrent liabilities	23,260,214	142,835,089	42,984	166,138,287	69,053
Total liabilities	25,645,531	165,717,063	1,100,863	192,463,457	19,076,728
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	70,320,664	215,268,968	14,129,677	299,719,309	570,619
Restricted for debt service	1,771,797	--	--	1,771,797	--
Unrestricted	6,350,501	(3,141,276)	2,090,852	5,300,077	8,553,773
Total net assets	78,442,962	212,127,692	16,220,529	306,791,183	9,124,392

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 7,081,952	\$ 44,568,749	\$ 3,508,740	\$ 55,159,441	\$ 33,730,541
Miscellaneous	21,505	1,126,553	47,350	1,195,408	677,986
Total operating revenues	<u>7,103,457</u>	<u>45,695,302</u>	<u>3,556,090</u>	<u>56,354,849</u>	<u>34,408,527</u>
<b>OPERATING EXPENSES</b>					
Personal services	4,046,751	9,599,474	6,219,131	19,865,356	1,596,095
Contractual services and other expenses	944,097	10,636,506	2,399,089	13,979,692	3,783,273
Utilities	718,724	2,488,570	171,000	3,378,294	43,409
Repairs and maintenance	291,332	1,591,615	36,712	1,919,659	854,935
Materials and supplies	310,801	3,359,992	1,602,147	5,272,940	945,957
Claims	--	--	--	--	25,770,126
Depreciation	2,628,033	9,759,303	1,066,957	13,454,293	66,418
Total operating expenses	<u>8,939,738</u>	<u>37,435,460</u>	<u>11,495,036</u>	<u>57,870,234</u>	<u>33,060,213</u>
Operating income (loss)	<u>(1,836,281)</u>	<u>8,259,842</u>	<u>(7,938,946)</u>	<u>(1,515,385)</u>	<u>1,348,314</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	115,439	695,155	9,458	820,052	170,935
Interest expense	(1,236,411)	(5,296,475)	--	(6,532,886)	(2,384)
Intergovernmental	293,689	1,000,087	2,530,859	3,824,635	--
Passenger facility charges	1,294,816	--	--	1,294,816	--
Bond issuance costs	(29,083)	(261,689)	--	(290,772)	--
Net decrease in fair value of investments	(29,555)	(59,446)	--	(89,001)	--
Loss on disposal of fixed assets	(3,098)	(64,701)	(1,395)	(69,194)	--
Total nonoperating revenues (expenses)	<u>405,797</u>	<u>(3,987,069)</u>	<u>2,538,922</u>	<u>(1,042,350)</u>	<u>168,551</u>
Income (loss) before contributions and transfers	<u>(1,430,484)</u>	<u>4,272,773</u>	<u>(5,400,024)</u>	<u>(2,557,735)</u>	<u>1,516,865</u>
Capital contributions	12,135,374	1,006,950	676,013	13,818,337	--
Transfers in	124,100	--	4,588,379	4,712,479	--
Transfers out	--	(1,050,000)	--	(1,050,000)	(5,680,099)
Change in net assets	10,828,990	4,229,723	(135,632)	14,923,081	(4,163,234)
Total net assets-beginning	67,613,972	207,897,969	16,356,161	291,868,102	13,287,626
Total net assets-ending	<u>\$ 78,442,962</u>	<u>\$ 212,127,692</u>	<u>\$ 16,220,529</u>	<u>\$ 306,791,183</u>	<u>\$ 9,124,392</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds		
<b>Cash flows from operating activities:</b>					
Receipts from operations	\$ 6,634,569	\$ 43,416,268	\$ 3,560,217	\$ 53,611,054	\$ 37,253,758
Payments to suppliers	(2,048,199)	(16,339,162)	(4,290,601)	(22,677,962)	(6,461,758)
Payments to employees	(4,047,040)	(9,635,427)	(6,167,183)	(19,849,650)	(1,601,780)
Claims	--	--	--	--	(26,657,839)
Other receipts	21,505	1,126,553	31,109	1,179,167	--
Other payments	(219,999)	(2,723,000)	(85,000)	(3,027,999)	--
<b>Net cash provided by (used in) operating activities</b>	<u>340,836</u>	<u>15,845,232</u>	<u>(6,951,458)</u>	<u>9,234,610</u>	<u>2,532,381</u>
<b>Cash flows from noncapital financing activities:</b>					
Intergovernmental	--	1,000,087	--	1,000,087	--
Subsidy from federal grant	293,689	--	2,563,335	2,857,024	--
Transfers in	277,629	--	4,488,379	4,766,008	--
Transfers out	--	(1,050,000)	--	(1,050,000)	(5,680,099)
Interest paid on operations	--	--	--	--	(2,384)
Cash bond	--	473	--	473	--
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>571,318</u>	<u>(49,440)</u>	<u>7,051,714</u>	<u>7,573,592</u>	<u>(5,682,483)</u>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from issuance of debt	--	33,037,108	--	33,037,108	--
Acquisition and construction of capital assets	(12,516,151)	(37,589,700)	(129,952)	(50,235,803)	(16,333)
Principal paid on debt	(530,000)	(8,831,900)	--	(9,361,900)	--
Interest paid on debt	(1,236,411)	(5,605,380)	--	(6,841,791)	--
Capitalized lease payment	--	(48,519)	--	(48,519)	--
Capital grants	11,357,279	--	418,446	11,775,725	--
Transfers in	--	--	100,000	100,000	--
Contributed capital returned to others	--	--	(101,300)	(101,300)	--
Bond issuance costs	--	(152,018)	--	(152,018)	--
Passenger facility charges	1,196,269	--	--	1,196,269	--
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,729,014)</u>	<u>(19,190,409)</u>	<u>287,194</u>	<u>(20,632,229)</u>	<u>(16,333)</u>
<b>Cash flows from investing activities:</b>					
Purchase of investments	(3,543,635)	(11,100,000)	(134,554)	(14,778,189)	--
Proceeds from sale and maturity of investments	5,643,777	16,073,058	130,821	21,847,656	4,512,403
Interest on investments	116,565	693,899	9,482	819,946	163,937
<b>Net cash provided by investing activities</b>	<u>2,216,707</u>	<u>5,666,957</u>	<u>5,749</u>	<u>7,889,413</u>	<u>4,676,340</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,399,847</u>	<u>2,272,340</u>	<u>393,199</u>	<u>4,065,386</u>	<u>1,509,905</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,792,541</u>	<u>6,043,532</u>	<u>566,827</u>	<u>9,402,900</u>	<u>12,634,665</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,192,388</u>	<u>\$ 8,315,872</u>	<u>\$ 960,026</u>	<u>\$ 13,468,286</u>	<u>\$ 14,144,570</u>

(continued)

(continued)

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (1,836,281)	\$ 8,259,842	\$ (7,938,946)	\$ (1,515,385)	\$ 1,348,314
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>					
Depreciation and amortization	2,628,033	9,759,303	1,066,957	13,454,293	66,418
<b>(Increase)Decrease in assets:</b>					
Receivables	(420,485)	(1,221,829)	35,784	(1,606,530)	(274,760)
Due from other funds	--	--	17,128	17,128	(2,560,108)
Inventories	(1,521)	288,401	(68,041)	218,839	(69,437)
Prepaid items	--	--	(43,416)	(43,416)	(502,250)
<b>Increase(Decrease) in liabilities:</b>					
Accounts payable	(18,703)	(394,866)	(61,142)	(474,711)	(59,797)
Accrued liabilities	119,731	2,446	35,942	158,119	(887,713)
Due to other funds	17,666	(878,943)	--	(861,277)	5,477,399
Deferred revenue	2,320	--	(15,803)	(13,483)	--
Customers' deposits	(149,635)	63,141	--	(86,494)	--
Compensated absences	(289)	(32,263)	20,079	(12,473)	(5,685)
<b>Total adjustments</b>	<u>2,177,117</u>	<u>7,585,390</u>	<u>987,488</u>	<u>10,749,995</u>	<u>1,184,067</u>
Net cash provided by (used in) operating activities	\$ <u>340,836</u>	\$ <u>15,845,232</u>	\$ <u>(6,951,458)</u>	\$ <u>9,234,610</u>	\$ <u>2,532,381</u>

**Non-cash investing, capital and financing activities:**

The Municipal and Regional Airports had a net decrease in fair value of investments of \$29,555.

The Municipal and Regional Airports disposed of capital assets. The undepreciated cost of the equipment was recorded as a loss of \$3,098.

The Department of Water and Sewerage disposed of capital assets. The undepreciated cost of the equipment was recorded as a loss of \$64,701.

The Department of Water and Sewerage had a net decrease in fair value of investments of \$59,446.

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2004**

<b>ASSETS</b>	<b>Employee Retirement Funds</b>
Cash and cash equivalents	\$ 11,284,547
Receivables:	
Interest receivable	602,760
Accounts receivable	23,777
Due from other funds	356,317
Prepaid items	604,802
Investments, at fair value:	
U.S. government securities	19,105,462
Mutual funds	5,463,887
Domestic corporate bonds	55,311,371
Domestic common stock	103,072,938
Total investments	182,953,658
Other assets:	
Cash surrender value of life insurance policies	8,158,272
Total assets	203,984,133
 <b>LIABILITIES</b>	
Accounts payable	67,764
Due to other funds	3,072,089
Employees' deposits held in escrow	1,716,494
Total liabilities	4,856,347
<b>NET ASSETS</b>	
Held in trust for pension benefits	\$ 199,127,786

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Employee Retirement Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 6,078,031
Plan members	<u>2,000,458</u>
Total contributions	<u>8,078,489</u>
Investment earnings:	
Net appreciation in fair value of investments	10,405,572
Interest	3,402,082
Dividends	<u>2,106,915</u>
Total investment earnings	15,914,569
Less investment expense	<u>1,081,203</u>
Net investment income	14,833,366
Miscellaneous	<u>436,106</u>
Total additions	<u>23,347,961</u>
<b>DEDUCTIONS</b>	
Pensions	13,235,390
Refund of member contribution	876,705
Administrative expenses	215,279
Life insurance	<u>374,430</u>
Total deductions	<u>14,701,804</u>
Change in net assets	8,646,157
Net assets - beginning	<u>190,481,629</u>
Net assets - ending	<u>\$ 199,127,786</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
DECEMBER 31, 2004**

	<u>Shreveport Home Mortgage Authority</u>	<u>City Courts</u>	<u>City Marshal</u>	<u>Downtown Development Authority</u>	<u>Metropolitan Planning Commission</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,960,749	\$ 2,957,751	\$ 1,518,891	\$ 64,741	\$ 52,893	\$ 6,555,025
Investments	3,958,770	--	--	--	--	3,958,770
Receivables, net	64,231	27,645	--	978,477	--	1,070,353
Due from other governments	--	--	--	--	38,750	38,750
Due from primary government	--	--	--	97,244	--	97,244
Prepaid items	--	76,924	--	22,407	--	99,331
Mortgage and notes receivable	13,795,324	--	--	--	--	13,795,324
Other assets	511,926	--	--	51,320	--	563,246
Restricted assets:						
Cash and cash equivalents	--	--	--	2,948,680	--	2,948,680
Capital assets:						
Land	--	--	--	299,000	704,514	1,003,514
Other capital assets, net of depreciation	--	390,072	247,866	1,061,308	231,836	1,931,082
Total assets	<u>20,291,000</u>	<u>3,452,392</u>	<u>1,766,757</u>	<u>5,523,177</u>	<u>1,027,993</u>	<u>32,061,319</u>
<b>LIABILITIES</b>						
Accounts payable	--	9,734	166,485	13,020	1,423	190,662
Accrued liabilities	--	--	--	9,943	--	9,943
Accrued interest payable	116,567	--	--	--	--	116,567
Due to other governments	--	--	--	--	51,470	51,470
Due to primary government	--	--	--	--	38,750	38,750
Noncurrent liabilities:						
Due within one year	1,950,541	--	--	243,342	--	2,193,883
Due in more than one year	14,946,394	--	--	3,107,500	--	18,053,894
Total liabilities	<u>17,013,502</u>	<u>9,734</u>	<u>166,485</u>	<u>3,373,805</u>	<u>91,643</u>	<u>20,655,169</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	--	390,072	247,866	1,009,465	936,350	2,583,753
Restricted for:						
Debt service	2,217,596	--	--	--	--	2,217,596
Other purposes	--	1,107,483	--	15,674	--	1,123,157
Unrestricted	1,059,902	1,945,103	1,352,406	1,124,233	--	5,481,644
Total net assets	<u>\$ 3,277,498</u>	<u>\$ 3,442,658</u>	<u>\$ 1,600,272</u>	<u>\$ 2,149,372</u>	<u>\$ 936,350</u>	<u>\$ 11,406,150</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Shreveport Home Mortgage Authority</b>			
Mortgage operations	\$ 965,097	\$ 711,500	\$ --
<b>City Courts</b>			
Judicial	2,471,114	569,875	--
<b>City Marshal</b>			
Judicial	1,422,048	256,360	--
<b>Downtown Development Authority</b>			
Downtown development	842,882	30,300	--
Streetscape program	247,891	210,777	--
Parking program	408,509	410,400	--
Interest on long-term debt	9,201	--	--
Total Downtown Development Authority	1,508,483	651,477	--
<b>Metropolitan Planning Commission</b>			
Planning and zoning	1,122,614	142,396	155,000
	<b>\$ 7,489,356</b>	<b>\$ 2,331,608</b>	<b>\$ 155,000</b>

**General Revenues:**

Property taxes levied for general purposes  
Investment earnings  
Payment from City of Shreveport  
Miscellaneous  
Total general revenues  
Change in Net Assets  
Net assets - beginning  
Net assets - ending

The accompanying notes are an integral part of the financial statements.

**Net(Expenses) Revenues and  
Changes in Net Assets**

<u>Shreveport Home Mortgage Authority</u>	<u>City Courts</u>	<u>City Marshal</u>	<u>Downtown Development Authority</u>	<u>Metropolitan Planning Commission</u>	<u>Total</u>
\$ (253,547)	\$	\$	\$	\$	\$ (253,547)
	(1,901,239)				(1,901,239)
		(1,165,688)			(1,165,688)
			(812,582)		(812,582)
			(37,114)		(37,114)
			1,891		1,891
			(9,201)		(9,201)
				(880,973)	(880,973)
(253,547)	(1,901,239)	(1,165,688)	(857,006)	(880,973)	(5,058,453)
--	--	--	918,309	--	918,309
116,529	40,810	18,708	6,632	--	182,679
--	2,240,366	971,000	--	825,218	4,036,584
143,549	--	--	36,290	--	179,839
260,078	2,281,176	989,708	961,231	825,218	5,317,411
6,531	379,937	(175,980)	104,225	(55,755)	258,958
3,270,967	3,062,721	1,776,252	2,045,147	992,105	11,147,192
\$ 3,277,498	\$ 3,442,658	\$ 1,600,272	\$ 2,149,372	\$ 936,350	\$ 11,406,150





**CITY OF SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**I. Summary of Significant Accounting Policies**

The accounting policies of the City of Shreveport conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. The Financial Reporting Entity**

The City of Shreveport (the "City") was incorporated in 1839, under the provisions of Louisiana R.S. 33:1. In May of 1978, the present City Charter was adopted which established a mayor-council form of government. The City provides a full range of municipal services as authorized by the charter. These include police and fire protection, emergency medical services, public works (streets and waste collection), public improvements, water and sewer services, parks and recreation, planning and zoning, public transportation, social, cultural and general administrative services.

The basic criterion for determining whether another governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization, or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The financial statements present the City of Shreveport (the primary government) and its component units. The operations of the Shreveport Municipal and Regional Airports and the Shreveport Area Transit System are included as a part of the primary government. The discrete component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. There are no blended component units in the City.

**Discretely Presented Component Units**

The component units columns in the government-wide financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City.

**City Courts**

The City Courts have jurisdiction over all violations of City ordinances and state misdemeanor cases. The Courts were created by special legislative act. Their jurisdiction includes the incorporated area of the City of Shreveport plus the fourth ward of Caddo Parish. City judges are elected and cannot be removed by City officials. The City Courts are fiscally dependent on the City of Shreveport. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Courts, pursuant to state statute, which are under the

control of the courts. The City Courts serve the citizenry of the City of Shreveport plus Ward Four of Caddo Parish.

#### City Marshal

The City Marshal is the executive officer of the City Courts. The Marshal has the power of a sheriff in the execution of the courts' orders and mandates in making requests and preserving the peace. The City Marshal is an elected official. The City Marshal is fiscally dependent on the City of Shreveport. The City has the ability to modify or approve the budget which comes from the General Fund. Certain funds are collected such as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City of Shreveport plus Ward Four of Caddo Parish.

#### Downtown Development Authority

The Downtown Development Authority was established by an ordinance of the City of Shreveport to provide for the revitalization of downtown Shreveport. Its purpose is to coordinate the efforts of the public and private sectors for the economic and overall development of the Downtown Development District. The Downtown Development District is a special taxing district within the City of Shreveport created by an act of the State legislature. The City Council appoints the seven voting members of the Authority. The Authority must submit to the City Council its proposals, programs and recommendations for the levy of special ad valorem taxes. The City has the ability to modify or approve the budget of the Authority and its plan of work. The Authority's governing body is not substantively the same as the City's. The Authority provides services for a limited area of the City of Shreveport, which consists basically of the downtown area.

#### Metropolitan Planning Commission

The Metropolitan Planning Commission is responsible for the orderly, physical development of the City of Shreveport and the surrounding planning area. The Commission makes recommendations to the City Council and the Parish Commission. The Metropolitan Planning Commission consists of nine members with four appointed by both the City of Shreveport and the Caddo Parish Commission and one member elected by joint action of the governing authorities. Although the Commission is legally separate, the City acts as its fiscal agent and has the authority to modify and approve its budget. The Metropolitan Planning Commission is fiscally dependent on the City. The Metropolitan Planning Commission serves the citizenry of the City of Shreveport.

#### Shreveport Home Mortgage Authority

The Shreveport Home Mortgage Authority is a public trust, created by state statute, with the City of Shreveport as beneficiary. The Authority is authorized to undertake various programs to assist in the financing of housing for persons of low to moderate income in the City of Shreveport. There are five trustees that are appointed by the City Council for terms of five years. Per the terms of the trust indenture, the City has no power to transact business for the trustees nor to control or direct the actions of the trustees. The City is entitled solely to the benefits of the trust, and at the termination of the trust it shall receive the residual assets of the trust. The City cannot access the organization's

funds at will, although there is some ability to access them at the discretion of the Authority. The City is financially accountable since it appoints all of the governing body and there is a potential for Shreveport Home Mortgage Authority to provide specific financial benefits to the City. The Shreveport Home Mortgage Authority serves the citizenry of the City of Shreveport.

#### Shreveport Convention Center Hotel Authority

The Shreveport Convention Center Hotel Authority is a public trust, created by state statute, with the City of Shreveport as beneficiary. The Authority is authorized to oversee the development and operation of the Shreveport Convention Center Hotel for the purpose of furthering economic development. There are five appointed trustees. The trustees are the Mayor, Chief Administrative Officer, City Council President, City Council Vice-President, and a citizen chosen at the discretion of the Mayor and approved by the City Council. The term of the Trustees shall be for as long as they hold the office enumerated, and the term of the citizen shall run concurrently with the mayoral term. Per the terms of the trust indenture, the City has no power to transact business for the trustees nor to control or direct the actions of the trustees. The City cannot access the Authority's resources but is the beneficiary of the residual assets of the termination of the trust. The City may provide financial support in the form of interim financing or guarantor of the Authority's debt. The boards are not substantively the same as the City. The Authority serves the citizenry of the City of Shreveport. The trust was created in 2002 but has had no reportable transaction through the year ended December 31, 2004.

The Metropolitan Planning Commission does not issue separate financial statements. The government-wide financial statements are presented within the basic financial statements. The fund financial statements are included as supplementary information within the section entitled Discretely Presented Component Unit. Complete financial statements of the other individual component units may be obtained from their respective administrative offices.

#### Administrative Offices:

City Courts  
1244 Texas Avenue  
Shreveport, Louisiana 71101

Shreveport Home Mortgage Authority  
1400 Youree Drive  
Shreveport, Louisiana 71101

City Marshal  
1244 Texas Avenue  
Shreveport, Louisiana 71101

Downtown Development Authority  
400 Edwards Street  
Shreveport, Louisiana 71101

#### Related Organization

##### Shreveport Housing Authority

The Authority was created by State statute and it is legally separate from the City. The Mayor appoints the five commissioners; however, the City cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the commissioners. The Authority is fiscally independent and no financial benefit or burden relationship exists with the City. Therefore, it is not included in the City's financial statements.

## **Jointly Governed Organization**

### **Caddo-Shreveport Sales and Use Tax Commission**

The Commission is an independent agency which collects sales taxes. It is legally separate from the City. The Commission is a jointly governed organization. The City does not retain an ongoing financial interest or responsibility in its operations. It is not included in the City's financial statements.

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function of governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For property taxes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For revenues other than property taxes, the City considers them to be available if they are collected within 90 days of the end of

the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items except landfill fees are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Community Development Fund is responsible for programs to increase housing opportunities, assist in the creation of employment, develop business expansion and regulate codes enforcement.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The 1999A General Obligation Bond Fund accounts for proceeds of bonds issued for construction of a new convention center and multicultural museum.

The City reports the following major proprietary funds:

The Water and Sewerage Fund accounts for the activities involved in operating the sewerage treatment plant, sewerage pumping stations and collection systems, and the water distribution system.

The Municipal and Regional Airports Fund accounts for the activities involved in operating the city's two airports.

Additionally, the City reports the following fund types:

Internal Service Funds account for health care, risk management, and fleet management services provided to other departments on a cost reimbursement basis.

The Fiduciary Funds account for the activities of the Firemen's Pension and Relief Fund, the Policemen's Pension and Relief Fund and the Employee's Retirement System, which accumulate resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewerage function and various other functions of the government. Elimination of these charges would distort the direct costs and program

revenues reported for the various functions concerned. The City does not use an indirect cost allocation system. However, the General Fund charges certain funds an administrative overhead charge based on a cost allocation plan. This is eliminated like a reimbursement and reduces the revenue and expense in the General Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### **1. Deposits and Investments**

The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by state statutes or other legal requirements. Each fund's positive equity in the pooled cash and investment account is presented as cash and cash equivalents and investments on the balance sheets. Negative equity balances have been reclassified and are reflected as due to/from other funds. Interest income and expense are allocated to the various funds based upon their average daily equity balances.

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Interest is accrued as earned. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The Statement of Investment Policy approved by the Mayor and Chief Administrative Officer authorizes the City to invest in the following types of securities:

Direct obligations of the U.S. government, including such instruments as treasury bills, treasury notes and treasury bonds.

Money market mutual funds registered with the Securities and Exchange Commission.

Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana (classified as deposits for this footnote).

Repurchase agreements in government securities made with the primary dealers that report and are regulated by the Federal Reserve Bank of New York.

Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321.

The City is prohibited from investing in derivatives.

In addition to the above types of securities, the pension trust funds are authorized by the City's Statement of Investment Policies to invest in the following types of securities:

Corporate bonds - no lower than Baa rated.

Investment contracts and pooled accounts maintained by trust companies, banks and investment managers.

Stocks traded on a national stock exchange.

Short-term money market securities.

Investment policies require that securities underlying repurchase agreements must have a minimum excess of market value of securities over the principal amount of the investment. Securities must have a maturity of less than 3 years.

## **2. Receivables and Payables**

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Within the City's Water and Sewerage Fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year. The receivable was computed by taking the cycle billings the City sent to its customers in January and prorating the amount of days applicable to the current year. All trade and property tax receivables are shown net of an allowance for uncollectibles.

## **3. Inventories and Prepaid Items**

Inventories are valued at cost using the first in, first out (FIFO) method. Inventory in the General Fund consists of materials and supplies held for consumption. Reported inventories in the General Fund are equally offset by a reservation of fund balance with indicates that although inventories are a component of assets, they do not constitute "available spendable resources". Inventories in the Enterprise and Internal Service Funds consist of pipes, meters, fittings and valves, repair materials, spare parts and items held for sale at the Municipal Golf Courses. Inventories are accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **4. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond construction funds are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The bond and interest sinking funds are used to segregate resources accumulated for debt service

payments over the next twelve months. The debt service reserve funds are used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The total interest expense incurred by Water and Sewerage was \$6,479,948. Of this amount \$1,183,473 was included as the cost of capital assets in construction in progress.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	20-75
Distribution and collection systems	10-50
Equipment	3-20

**6. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation earned is based on the number of years of services as follows:

<u>Total Employment</u>	<u>Days Earned Per Year</u>
Less than five years	10
Five to ten years	12
Ten to fifteen years	15
Fifteen to twenty years	18
Twenty or more years	21

For classified employees, a maximum of 240 hours of accrued vacation leave can be vested and carried forward to succeeding calendar years. For non-classified employees, the maximum is 320 hours. All accrued sick leave credited to an employee can be carried forward to succeeding calendar years without limitation. Accumulated sick leave is forfeited at the time an employee terminates employment. However, accumulated sick leave is counted as creditable service at retirement if the employee has accumulated at least 175 hours.

#### **7. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for accounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The following list describes the reservations and designations encountered in the governmental fund financial statements:

##### Reserved for Encumbrances

Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation.

Reserved for Inventories

This amount represents the portion of fund balance that is not available spendable resources even though the inventories are a component of net current assets.

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of debt service.

Reserved for Endowments

This is an account to segregate monies donated for a City zoo. The City functions in a trustee capacity; however, due to the immaterial amount involved, it is carried in the General Fund.

Designated for Subsequent Year's Expenditures

The unreserved portion of fund balance designated for subsequent years' expenditures is the amount that has been set aside for future year's budgets.

Designated for Landfill Closure

The unreserved portion of fund balance designated for landfill closure is to provide for amounts to be required when the landfill closes.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Prior to October 1, the Mayor files with the Clerk of Council a proposed operating budget for the fiscal year commencing the following January. The operating budget includes proposed expenditures and related financing sources. The City Council conducts public hearings and proposes adoption of the various budget ordinances. Prior to December 15, the City Council adopts the final budgets controlling the financial operations of the City for the ensuing fiscal year.

Legal budgetary control for operating budgets is exercised at the department/object class with the exception of the Community Development Department where control is exercised at the division/object class. The ordinances provide lump sum appropriation at the object level. The City Charter allows the Mayor to authorize the transfer of budgeted amounts from one activity to another within the same lump sum appropriation, within the same department with the exception of the Community Development Department where funds must be spent within the same division. Budgetary transfers across department lines or between classes of lump sum appropriations must be approved by the City Council. During the year, the City Council approves several amendments to the budget. The City Charter provides that expenditures may not legally exceed appropriations. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year for the General, certain Special Revenue Funds (Community Development and Riverfront Development), Capital Projects and Proprietary Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. The capital project funds adopt project length budgets. The budgets for governmental funds are adopted on a basis substantially consistent with generally accepted accounting principles with the following exceptions: (1) encumbrances (e.g. purchase orders, contracts) are treated as budgeted expenditures in the year of the commitment to purchase and (2) capital leases are not budgeted as expenditures at the inception of the leases.

All appropriations which are not expended or encumbered lapse at year end. Encumbrances outstanding at year end are reported as reservations of fund balances and are carried forward.

Revisions were made to the following governmental funds original budgets as follows:

	Original Budget including <u>Carry Forwards</u>	<u>Revisions</u>	Final Revised <u>Budget</u>
General Fund	\$154,225,419	\$4,501,925	\$158,727,344
Community Development	19,732,065	7,555,134	27,287,199

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

	<u>General</u>	<u>Community Development</u>
Net change in fund balance (Budget Basis)	\$( 1,714,554)	\$(1,891,405)
Adjustments:		
Encumbrances	<u>3,860,789</u>	<u>1,881,611</u>
Net change in fund balance (GAAP Basis)	\$ <u>2,146,235</u>	\$( <u>9,794</u> )

**B. Excess of Expenditures over Appropriations**

During 2004, based on the legally adopted level of control for budgetary purposes, the following funds had excess expenditures over appropriations:

**General Fund**

Office of Mayor	
Improvements and equipment	\$ 805
Other unclassified	
Interest and civic appropriations	112,655
Claims	5,193,427
Police	
Materials and supplies	537
Fire	
Materials and supplies	31,410
Public works	
Salaries, wages and employee benefits	148,653
Contractual services	330,134

Culture and recreation	
Materials and supplies	60,350
Contractual services	35,198
<b><u>Community Development</u></b>	
Administration	
Contractual services	459
Housing and business development	
Improvements and equipment	16,351
Housing and business development administration	
Salaries, wages and employee benefits	6,046
Workforce development	
Improvements and equipment	67,279

**C. Deficit Fund Balance**

Within the nonmajor capital project funds, under the heading of Miscellaneous General Obligation Bond Funds, there was one fund with a deficit fund balance. The 1983 General Obligation Bond Fund had a deficit of \$881,690. Budgeted revenues have not been fully funded to offset budgeted expenditures to date.

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

All deposits of the City are held by one financial institution. At year-end, the carrying amount of the City's deposits was \$34,294,503 and the bank balances were \$35,428,471. Of the cash balance, \$35,428,471 was categorized as being insured by federal depository insurance or collateralized with securities held by the City's agent in the City's name.

Money market funds in the amount of \$18,759,671 were invested by the City's trustee and was held by the trustee's agent in the trustee's name.

Banks holding deposits and/or investments of the City are required to pledge securities to fully collateralize these transactions. The pledged securities are held by another bank or through book entry in a custodial account in the federal reserve system. The City must authorize in writing the release or substitution of the pledged securities.

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured, registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	Category			Reported Amount/ Fair Value
	1	2	3	
Repurchase agreements	\$ 54,576,945	\$ -	\$ -	\$ 54,576,945
U.S. Government securities	96,252,266	-	29,595,162	125,847,428
Common stock	-	-	103,072,938	103,072,938
Corporate bonds	-	-	<u>55,311,371</u>	<u>55,311,371</u>
	<u>\$150,829,211</u>	<u>\$ -</u>	<u>\$187,979,471</u>	338,808,682
Mutual funds				5,463,887
Louisiana Asset Management Pool (LAMP)				11,722,566
Money market funds				<u>18,759,671</u>
Total investments				374,754,806
Total deposits				<u>34,294,503</u>
Cash, cash equivalents and investments including restricted assets				<u>\$409,049,309</u>

The investments in category 3 are owned by the following funds:

Pension Trust	\$177,489,771	94.4%
2001 General Obligation Bond Capital Project	8,717,903	4.6
Municipal and Regional Airports	<u>1,771,797</u>	<u>1.0</u>
	<u>\$187,979,471</u>	<u>100.0%</u>

The Pension Trust fund investments are held by the City's fiscal agent bank as trustee and in brokerage accounts which are managed by fixed income and equity managers. The Municipal and Regional Airports' investments are the result of bond indentures which outline the requirements of accounts which hold funds for the benefit of bondholders. The Capital Projects' investments are held by a bank as trustee.

Investments in mutual funds and LAMP are not categorized above because they are not evidenced by securities that exist in physical or book entry form. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a-7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give participants immediate access to their account balances.

**Discretely Presented Component Units - Deposits**

	<u>City Courts</u>	<u>City Marshal</u>	<u>Shreveport Home Mortgage Authority</u>	<u>Downtown Development Authority</u>
Deposits - Carrying Amount	<u>\$2,957,751</u>	<u>\$1,518,891</u>	<u>\$1,960,749</u>	<u>\$3,013,421</u>
Deposits - Bank Balances				
Insured or collateralized with securities held by the entity or by its agents in the entity's name	577,534	256,106	-	200,000
Collateralized with securities held by pledging financial institution's trust department in the City Marshal's name	-	1,723,116	-	-
Uncollateralized	<u>2,386,505</u>	<u>-</u>	<u>1,960,749</u>	<u>2,870,047</u>
Total Deposits-Bank Balances	<u>\$2,964,039</u>	<u>\$1,979,222</u>	<u>\$1,960,749</u>	<u>\$3,070,047</u>

**Discretely Presented Component Units - Investments**

Shreveport Home Mortgage Authority had the following Category 2 investments:

	<u>Reported Amount/ Fair Value</u>
1984 Issue (Single Family) - Bank One, MBank Investment Agreements	\$ 66,831
1995 Issue (Single Family - Refunding) - Bayerische Landesbank Investment Agreements	301,786
2003 Issue (Single Family) - XL Asset Funding Company Investment Agreements	<u>3,590,153</u>
	<u>\$3,958,770</u>

**B. Property Taxes**

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Bossier Parish and Caddo Parish Tax Assessors and approved by the State of Louisiana Tax Commission.

Property Tax Calendar

Assessment date	January 1, 2004
Levy date	Not later than June 1, 2004
Tax bills mailed	On or about November 15, 2004
Total taxes are due	December 31, 2004
Penalties and interest are added	January 1, 2005
Lien date	January 1, 2005
Tax sale - 2004 delinquent property	July 1, 2005

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy. The City's property tax collection records show that 92.1% of the property taxes due were collected within 60 days after the due date. Assessed values are established by the Bossier Parish and Caddo Parish Tax Assessors each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service properties, excluding land

A revaluation of all property is required to be completed no less than every 4 years. A revaluation was completed for the tax roll of January 1, 2004.

**C. Receivables**

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are outlined below.

	General	Community Development	Debt Service	Water and Sewerage	Municipal and Regional Airports	Nonmajor and Other Funds	Total
Receivables:							
Interest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 737,414	\$ 737,414
Taxes	7,758,998	--	8,946,960	--	--	--	16,705,958
Accounts	1,458,874	2,685,671	--	5,987,452	1,301,637	3,251,619	14,685,253
Intergovernmental	10,203,682	6,572,607	340,519	--	2,532,163	1,507,704	21,156,675
Notes receivable	--	20,189,988	--	--	--	--	20,189,988
Gross receivables	19,421,554	29,448,266	9,287,479	5,987,452	3,833,800	5,496,737	73,475,288
Less: Allowance for uncollectibles	867,890	9,086,688	861,349	495,691	101,441	--	11,413,059
Net total receivables	\$ 18,553,664	\$ 20,361,578	\$ 8,426,130	\$ 5,491,761	\$ 3,732,359	\$ 5,496,737	\$ 62,062,229

The total of notes receivable is not expected to be collected within one year. Approximately 10.54% or \$2,090,037 will be collected in the next fiscal period and the balance in future years in accordance with the payment schedules.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent property taxes receivable (General Fund)	\$ 1,649,191
Delinquent property taxes receivable (Debt Service Fund)	2,440,226
Other deferrals including program notes receivable	<u>9,590,077</u>
Total deferred revenue for governmental funds	<u>\$13,679,494</u>

**D. Federal and State Financial Assistance**

Federal and State governmental units represent an important source of supplementary funding to finance housing, employment and construction programs, and other activities beneficial to the community. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, Capital Projects and Enterprise Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are audited annually under the Single Audit as mandated by OMB Circular A-133.

The following amounts under various grants and entitlements are recorded as revenues, subsidies or contributions in the accompanying financial statements:

<u>Fund</u>	
General Fund	\$ 6,243,328
Special Revenue Funds:	
Community Development	10,015,993
Police Grants	1,072,945
Environmental Grants	537,491
Capital Projects Fund	4,370,168
Enterprise Funds:	
Municipal and Regional Airports	12,429,063
Shreveport Area Transit System	2,887,010
Water and Sewerage	<u>1,000,087</u>
Totals	<u>\$38,556,085</u>

Supplementary salary payments are made by the State to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution from the State. The State paid supplemental salaries to the following groups of employees: Fire Department \$1,896,000, Police Department \$1,767,010, and City Marshal (a component unit) \$165,851.

## E. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 84,735,100	\$ 1,475,424	\$ -	\$ 86,210,524
Construction in progress	<u>92,837,504</u>	<u>72,154,434</u>	( <u>27,566,011</u> )	<u>137,425,927</u>
Total capital assets, not being depreciated	<u>177,572,604</u>	<u>73,629,858</u>	( <u>27,566,011</u> )	<u>223,636,451</u>
Capital assets, being depreciated:				
Buildings	142,007,317	12,567,710	-	154,575,027
Improvements other than buildings	45,741,863	1,078,014	-	46,819,877
Equipment	56,346,874	7,587,619	( 3,844,676 )	60,089,817
Infrastructure	<u>377,859,337</u>	<u>12,327,336</u>	( <u>34,887</u> )	<u>390,151,786</u>
Total capital assets being depreciated	621,955,391	33,560,679	( 3,879,563 )	651,636,507
Less accumulated depreciation for:				
Buildings	( 32,562,742 )	( 2,951,520 )	-	( 35,514,262 )
Improvements other than buildings	( 14,950,841 )	( 2,068,767 )	-	( 17,019,608 )
Equipment	( 35,027,703 )	( 5,882,970 )	3,844,676	( 37,065,997 )
Infrastructure	( <u>114,048,131</u> )	( <u>10,459,347</u> )	<u>34,887</u>	( <u>124,472,591</u> )
Total accumulated depreciation	( <u>196,589,417</u> )	( <u>21,362,604</u> )	<u>3,879,563</u>	( <u>214,072,458</u> )
Total capital assets, being depreciated, net	<u>425,365,974</u>	<u>12,198,075</u>	( <u>-</u> )	<u>437,564,049</u>
Governmental activities capital assets, net	<u>\$602,938,578</u>	<u>\$85,827,933</u>	\$( <u>27,566,011</u> )	<u>\$661,200,500</u>

Internal service funds predominately serve the governmental funds. Accordingly, their capital assets are included as part of the above totals for governmental activities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<b>Municipal and Regional Airports:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,416,469	\$ 3,002,976	\$ -	\$ 25,419,445
Construction in progress	<u>2,283,128</u>	<u>13,708,967</u>	<u>(3,194,550)</u>	<u>12,797,545</u>
Total capital assets, not being depreciated	<u>24,699,597</u>	<u>16,711,943</u>	<u>(3,194,550)</u>	<u>38,216,990</u>
Capital assets, being depreciated:				
Buildings	56,442,528	87,821	-	56,530,349
Improvements other than buildings	53,917,089	128,407	( 23,928)	54,021,568
Equipment	<u>6,664,963</u>	<u>57,304</u>	<u>( 201,450)</u>	<u>6,520,817</u>
Total capital assets being depreciated	117,024,580	273,532	( 225,378)	117,072,734
Less accumulated depreciation for:				
Buildings	( 21,532,330)	( 1,128,924)	-	( 22,661,254)
Improvements other than buildings	( 34,255,152)	( 1,367,559)	20,832	( 35,601,879)
Equipment	<u>( 6,023,946)</u>	<u>( 131,550)</u>	<u>201,448</u>	<u>( 5,954,048)</u>
Total accumulated depreciation	<u>( 61,811,428)</u>	<u>( 2,628,033)</u>	<u>222,280</u>	<u>( 64,217,181)</u>
Total capital assets, being depreciated, net	<u>55,213,152</u>	<u>( 2,354,501)</u>	<u>( 3,098)</u>	<u>52,855,553</u>
Municipal and Regional Airports capital assets, net	<u>79,912,749</u>	<u>14,357,442</u>	<u>(3,197,648)</u>	<u>91,072,543</u>
<b>Water and Sewerage:</b>				
Capital assets, not being depreciated:				
Land	1,032,277	-	-	1,032,277
Construction in progress	<u>60,805,717</u>	<u>40,026,700</u>	<u>(2,019,969)</u>	<u>98,812,448</u>
Total capital assets, not being depreciated	<u>61,837,994</u>	<u>40,026,700</u>	<u>(2,019,969)</u>	<u>99,844,725</u>
Capital assets, being depreciated:				
Equipment	7,861,195	452,832	( 281,235)	8,032,792
Distribution and collection systems	<u>377,352,145</u>	<u>3,451,987</u>	-	<u>380,804,132</u>
Total capital assets being depreciated	385,213,340	3,904,814	( 281,235)	388,836,924
Less accumulated depreciated for:				
Equipment	( 4,285,370)	( 572,231)	216,534	( 4,641,067)
Distribution and collection systems	<u>(127,364,535)</u>	<u>( 9,187,072)</u>	-	<u>(136,551,607)</u>
Total accumulated depreciation	<u>(131,649,905)</u>	<u>( 9,759,303)</u>	<u>216,534</u>	<u>(141,192,674)</u>
Total capital assets, being depreciated, net	<u>253,563,435</u>	<u>( 5,854,484)</u>	<u>( 64,701)</u>	<u>247,644,250</u>
Water and sewerage capital assets, net	<u>315,401,429</u>	<u>34,172,216</u>	<u>(2,084,670)</u>	<u>347,488,975</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Other business-type activity programs:</b>				
Capital assets, not being depreciated:				
Land	1,940,408	-	-	1,940,408
Construction in progress	<u>246,058</u>	<u>2,429,059</u>	<u>(2,675,117)</u>	-
Total capital assets, not being depreciated	2,186,466	2,429,059	(2,675,117)	1,940,408
Capital assets, being depreciated:				
Buildings	8,552,049	21,791	( 13,990)	8,559,850
Improvements other than buildings	548,668	319,862	-	868,530
Equipment	<u>14,484,911</u>	<u>261,709</u>	<u>(1,092,627)</u>	<u>13,653,993</u>
Total capital assets being depreciated	23,585,628	603,362	(1,106,617)	23,082,373
Less accumulated depreciated for:				
Buildings	( 2,129,428)	( 201,586)	-	( 2,331,014)
Improvements other than buildings	( 172,637)	( 24,498)	12,595	( 184,540)
Equipment	<u>( 8,629,303)</u>	<u>( 840,873)</u>	<u>1,092,626</u>	<u>( 8,377,550)</u>
Total accumulated depreciation	( 10,931,368)	( 1,066,957)	1,105,221	( 10,893,104)
Total capital assets, being depreciated, net	<u>12,654,260</u>	<u>( 463,595)</u>	<u>( 1,396)</u>	<u>12,189,269</u>
Other enterprise funds capital assets, net	<u>14,840,726</u>	<u>1,965,464</u>	<u>(2,676,513)</u>	<u>14,129,677</u>
Business-type activities capital assets, net	<u>\$410,154,904</u>	<u>\$50,495,122</u>	<u>\$(7,958,831)</u>	<u>\$452,691,195</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 457,544
Public safety	2,897,732
Public works, including depreciation of general infrastructure assets	13,548,180
Community development	252,106
Culture and recreation	4,140,624
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>66,418</u>

Total depreciation expense-governmental activities \$21,362,604

**Business-type activities:**

Municipal and Regional Airports	\$ 2,628,033
Water and Sewerage	9,759,303
Shreveport Area Transit System	1,001,670
Golf	<u>65,287</u>

Total depreciation expense-business-type activities \$13,454,293

### Construction commitments

The government has active major construction projects as of December 31, 2004. The projects include the Convention Center Complex, various public works projects, Airport additions, and improvements to Water and Sewerage facilities. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
Wastewater Treatment Plant Expansion	\$ 7,980,854	Water and Sewerage Revenue Bonds
Stoner Lift Station	2,356,522	Water and Sewerage Revenue Bonds
AMISS Water Treatment Plant, Plants I & II Filter Improvements	1,273,534	Water and Sewer Revenue Bonds
Far Part 150 Property Acquisitions	688,149	FAA Grants and LADOT Grants
Improvements for Continental Airline Facility	537,077	Airport Authority Revenues
Construct West Parallel Taxiway 4/22	795,625	FAA Grants and LADOT Grants
Cockrell Park Community Center	1,858,505	General Obligation Bonds
Union Street Paving	829,656	General Obligation Bonds
Riverfront Convention Complex	30,593,299	General Obligation Bonds and American Tower Proceeds
SPAR Plane Arium Renovations	708,750	General Obligation Bonds
East 84 <sup>th</sup> Street Paving	557,860	General Obligation Bonds and Community Development Block Grant
2004 SPORTRAN Capital Improvement Program	<u>2,238,104</u>	FTA Grants and Local Operating Funds
Total	<u>\$50,417,935</u>	

### Discretely presented component unit

Activity for the Metropolitan Planning Commission for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 704,514	\$ —	\$ —	\$ 704,514
Capital assets, being depreciated:				
Improvements other than buildings	999,234	—	—	999,234
Equipment	<u>180,478</u>	<u>—</u>	<u>—</u>	<u>180,478</u>
Totals, capital assets being depreciated	1,179,712	—	—	1,179,712
Less accumulated depreciation for:				
Improvements other than buildings	( 774,643)	( 43,062)	—	( 817,705)
Equipment	<u>( 117,478)</u>	<u>( 12,693)</u>	<u>—</u>	<u>( 130,171)</u>
Total accumulated depreciation	<u>( 892,121)</u>	<u>( 55,755)</u>	<u>—</u>	<u>( 947,876)</u>
Total capital assets, being depreciated, net	<u>287,591</u>	<u>( 55,755)</u>	<u>—</u>	<u>231,836</u>
MPC capital assets, net	<u>\$ 992,105</u>	<u>(\$55,755)</u>	<u>\$ —</u>	<u>\$ 936,350</u>

All depreciation was charged to planning and zoning.

Activity for the Downtown Development Authority for the year ended December 31, 2004 was of follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 299,000	\$ -	\$ -	\$ 299,000
Construction in process	<u>687,867</u>	<u>-</u>	<u>(687,867)</u>	<u>-</u>
Totals, capital projects not being depreciated	986,867	-	(687,867)	299,000
Capital assets, being depreciated:				
Leasehold improvements	52,369	-	-	52,369
Buildings	292,448	699,138	-	991,586
Office equipment and furniture	91,872	2,221	-	94,093
Streetscape equipment	84,264	-	-	84,264
Parking program equipment	<u>81,842</u>	<u>-</u>	<u>-</u>	<u>81,842</u>
Totals, capital assets being depreciated	602,795	701,359	-	1,304,154
Less accumulated depreciation for:				
Leasehold improvements	( 8,874)	( 1,746)	-	( 10,620)
Buildings	( 5,410)	( 31,578)	-	( 36,988)
Office equipment and furniture	( 73,434)	( 6,882)	-	( 80,316)
Streetscape equipment	( 52,747)	( 6,802)	-	( 59,549)
Parking program equipment	<u>( 43,682)</u>	<u>( 11,691)</u>	<u>-</u>	<u>( 55,373)</u>
Total accumulated depreciation	<u>( 184,147)</u>	<u>( 58,699)</u>	<u>-</u>	<u>( 242,846)</u>
Total capital assets, being depreciated, net	<u>418,648</u>	<u>642,660</u>	<u>-</u>	<u>1,061,308</u>
Downtown Development Authority capital assets, net	<u>\$1,405,515</u>	<u>\$642,660</u>	<u>(\$687,867)</u>	<u>\$1,360,308</u>

Depreciation expense was charged to functions/programs as follows:

Downtown development	\$40,206
Streetscape program	6,802
Parking program	<u>11,691</u>
Total	<u>\$58,699</u>

#### F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development	General Fund	\$ 32,649
General Fund	Retained Risk	5,680,099
1999A General Obligation Bonds	Nonmajor governmental funds	266,923
Nonmajor governmental funds	Nonmajor governmental funds	6,068,266
	Community Development	596,895
	General Fund	72,888
	Health Care Trust Fund	1,776,276
	Fleet Services	329,884
	Water and Sewer	893,017
	Fiduciary Funds	3,072,089
	2003A General Obligation Bonds	315,564
Nonmajor enterprise funds	General Fund	660,766
Internal service funds	General Fund	5,154,374
	Airport	54,426
	Water and Sewerage	614,267
Fiduciary funds	General Fund	<u>356,317</u>
<b>Total</b>		<b><u>\$25,944,700</u></b>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

	<u>Transfer out:</u>						<u>Total</u>
	<u>General Fund</u>	<u>Community Development</u>	<u>Nonmajor Governmental Fund</u>	<u>2003A General Obligation Bonds</u>	<u>Water and Sewer</u>	<u>Internal Service</u>	
<u>Transfer in:</u>							
General Fund	\$ -	\$ -	\$ 3,254,339	\$ -	\$1,050,000	\$5,680,099	\$9,984,438
Community Development	2,360,946	-	-	-	-	-	2,360,946
Debt Service	7,034,346	-	8,368,738	-	-	-	15,403,084
Nonmajor governmental	32,845	602,358	7,736,601	3,781,971	-	-	12,153,775
Municipal and Regional							
Airport	124,100	-	-	-	-	-	124,100
Nonmajor enterprise	<u>4,488,379</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,588,379</u>
<b>Total transfers</b>	<b><u>\$14,040,616</u></b>	<b><u>\$602,358</u></b>	<b><u>\$19,459,678</u></b>	<b><u>\$3,781,971</u></b>	<b><u>\$1,050,000</u></b>	<b><u>\$5,680,099</u></b>	<b><u>\$44,614,722</u></b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### G. Capital Leases

In August 2004, the City entered into a lease agreement for \$4,586,126 for financing the acquisition of 42 packer trucks and two vehicles with no down payment. In December 2004, the City entered into a lease agreement for \$1,521,000 for financing the acquisition of five fire trucks to be delivered in 2005, with no down payment. The City previously entered lease agreements in 2001 and 2002 for equipment acquisitions. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The payment schedule below includes all of the current leases in effect at year end.

The assets acquired through the capital leases follow:

	<u>Governmental Activities</u>	<u>Water and Sewerage</u>
Equipment purchased to date	\$10,767,200	\$254,642
Less: Accumulated depreciation	(4,870,706)	(254,642)
Total	<u>\$ 5,896,494</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004 were as follows:

<u>Ending December 31,</u>	<u>Governmental Activities</u>	<u>Water and Sewerage</u>
2005	\$ 2,353,638	\$ 59,638
2006	2,547,325	59,638
2007	2,547,377	59,588
2008	1,190,119	-
2009	1,190,119	-
2010 - 2014	968,439	-
2015	<u>193,688</u>	<u>-</u>
Total minimum lease payments	10,990,705	178,864
Less: amount representing interest	( 1,104,216)	( 17,396)
Present value of minimum lease payments	<u>\$ 9,886,489</u>	<u>\$161,468</u>

#### H. Long-term Debt

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2004 was as follows:  
(in thousands of dollars)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$311,511	\$24,715	(\$46,378)	\$289,848	\$18,818
Less unamortized discount	( 5,370)	—	1,808	( 3,562)	( 26)
Less deferred amounts on refunding	( 1,358)	( 1,325)	141	( 2,542)	( 244)
Plus deferred premium	<u>1,067</u>	<u>588</u>	( <u>111</u> )	<u>1,544</u>	<u>185</u>
Total bonds payable	305,850	23,978	( 44,540)	285,288	18,733
Certificate of indebtedness	38,785	5,375	( 2,970)	41,190	3,255
Less unamortized discount	—	( <u>54</u> )	—	( <u>54</u> )	( <u>3</u> )
Total certificates of indebtedness	38,785	5,321	( 2,970)	41,136	3,252
Installment purchase agreement	517	—	( 517)	—	—
Capital lease	4,959	6,107	( 1,179)	9,886	2,075
Notes	36,354	1,295	( 874)	36,776	923
Net pension obligation	232	1,257	( 11)	1,478	—
Landfill postclosure care	2,113	429	—	2,542	—
Claims and judgments	11,977	25,770	( 26,657)	11,090	11,090
Compensated absences	<u>1,956</u>	<u>353</u>	( <u>333</u> )	<u>1,976</u>	<u>367</u>
Governmental activity (Less: Community Development)	402,743	64,510	( 77,081)	390,172	36,440
Community Development notes	<u>8,464</u>	<u>450</u>	( <u>799</u> )	<u>8,115</u>	<u>945</u>
Total long-term liabilities	<u>\$411,207</u>	<u>\$64,960</u>	<u>(\$77,880)</u>	<u>\$398,287</u>	<u>\$37,385</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<b>Municipal and Regional Airports:</b>					
Revenue bonds	\$ 23,665	\$ —	(\$ 530)	\$ 23,135	\$ —
Compensated absences	<u>149</u>	<u>24</u>	( <u>24</u> )	<u>149</u>	<u>24</u>
Municipal and Regional Airports - long-term liabilities	<u>23,814</u>	<u>24</u>	( <u>554</u> )	<u>23,284</u>	<u>24</u>
<b>Water and Sewerage:</b>					
General obligation bonds	354	—	( 177)	177	177
Unamortized discount - General obligation bonds	( 18)	—	18	—	—
Revenue bonds	135,157	43,710	( 19,775)	159,092	12,045
Unamortized discount - Revenue bonds	( 4,329)	—	563	( 3,766)	—
Less deferred amounts on refunding	( 5,500)	( 100)	532	( 5,068)	( 550)
Plus deferred premium	<u>3,873</u>	<u>551</u>	( <u>357</u> )	<u>4,067</u>	<u>458</u>
Total bonds payable	129,537	44,161	( 19,196)	154,502	12,130
Capital lease	210	—	( 48)	162	51
Compensated absences	<u>425</u>	<u>80</u>	( <u>76</u> )	<u>429</u>	<u>77</u>
Water and Sewerage - long-term liabilities	<u>130,172</u>	<u>44,241</u>	( <u>19,320</u> )	<u>155,093</u>	<u>12,258</u>
<b>Other business-type activity programs:</b>					
Compensated absences	<u>235</u>	<u>216</u>	( <u>196</u> )	<u>255</u>	<u>212</u>
Business-type activity long-term liabilities	<u>\$154,221</u>	<u>\$44,481</u>	<u>(\$20,070)</u>	<u>\$178,632</u>	<u>\$12,494</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. The claims and judgments liability will be liquidated through the City's Employees Health Care Fund and the Retained Risk Fund. These funds will finance the payment of these claims by charging other funds based on the origination of the claims. The General Fund normally bears approximately 84% of these costs. At year end \$83,971 of internal service funds compensated absences are included in the above amounts. For the governmental activities, the balance of compensated absences are generally liquidated by the General Fund. Net pension obligation and landfill post-closure care will also be liquidated by the General Fund.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in substantial compliance with all significant limitations and restrictions.

State law allows a maximum of 10% of the assessed valuation for general obligation bonded debt for any purpose. However, the 10% maximum can be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. A total of approximately \$114,262,024 of additional general obligation bonded debt is available for issuance on a total assessed valuation of \$1,105,690,930 pursuant to the 35% limitation. Included in the total assessed valuation of property within the City is \$8,808,680 of assessed valuation which has been adjudicated to Caddo Parish. The table below shows the computation of the City's legal debt margin calculated at 10% of assessed valuation as of December 31, 2004.

	<u>Debt limit - 10% of assessed value for any one purpose</u>	<u>Deduct - Amount of debt applicable to debt limit</u>	<u>Legal Debt margin</u>
Street Improvements	\$110,569,093	\$94,886,102	\$15,682,991
Police and Fire	110,569,093	29,842,617	80,726,476
Water and Sewer Improvements	110,569,093	30,584	110,538,509
Parks and Recreation	110,569,093	17,491,045	93,078,048
Public Buildings	110,569,093	75,414,267	35,154,826
Drainage	110,569,093	50,322,717	60,246,376
Sanitation and Incinerator	110,569,093	39,358	110,529,735
Industrial Bond	110,569,093	4,512	110,564,581
Airports	110,569,093	19,365	110,549,728
Sportran	110,569,093	578,122	109,990,971
Riverfront Park	110,569,093	4,101,113	106,467,980

The annual requirements to amortize all debt outstanding as of December 31, 2004, including interest requirements are as follows:

	Maturities (thousands of dollars)					
	Total	2005	2006	2007	2008	2009
<b>PRINCIPAL REQUIREMENTS:</b>						
<b>GENERAL OBLIGATION DEBT:</b>						
General Obligation Bonds Applicable to:						
All Purposes other than Water and Sewerage:						
1985A Refunding Issue - 5.00-9.375%	\$3,443	\$ 3,443	\$ --	\$ --	\$ --	\$ --
Less: Unamortized Discount	(26)	(26)	--	--	--	--
	<u>3,417</u>	<u>3,417</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1987A Refunding Issue - 5.00-8.30%	17,760 (1)	--	4,840	3,230	3,230	3,230
Less: Unamortized Discount	(3,536)	--	(376)	(485)	(699)	(897)
	<u>14,224</u>	<u>--</u>	<u>4,464</u>	<u>2,745</u>	<u>2,531</u>	<u>2,333</u>
1995 Refunding Issue - 3.90-5.20%	1,260	1,260	--	--	--	--
1996 Issue - 5.20-8.00%	1,350	655	695	--	--	--
1997 Issue - 4.70-8.00%	3,260	1,025	1,085	1,150	--	--
1998 Issue - 4.30-8.00%	20,125	980	1,035	1,095	1,160	1,225
1998 Refunding Issue - 3.65-4.85%	8,165	1,000	1,040	1,095	1,155	1,215
1999 Issue - 4.10-5.00%	33,375	1,530	1,610	1,695	1,780	1,870
1999A Issue - 5.00-6.125%	75,385	3,325	3,510	3,710	3,920	4,145
1999 Refunding Issue - 4.00-5.00%	9,695	890	930	975	1,015	1,060
2001A Issues - 3.45-5.50%	29,790	1,175	1,230	1,290	1,350	1,415
2003A Refunding Issue - 2.375-5.00%	15,385	1,925	1,980	2,045	1,965	2,045
Less: Deferred Amount on Refunding	(452)	(50)	(50)	(50)	(50)	(50)
Plus Unamortized Premium	168	19	19	19	19	19
	<u>15,101</u>	<u>1,894</u>	<u>1,949</u>	<u>2,014</u>	<u>1,934</u>	<u>2,014</u>
2003B Refunding Issue - 2.00-5.25%	10,325	110	110	840	865	895
Less: Deferred Amount on Refunding	(786)	(70)	(70)	(70)	(70)	(70)
Plus: Unamortized Premium	513	46	46	46	46	46
	<u>10,052</u>	<u>86</u>	<u>86</u>	<u>816</u>	<u>841</u>	<u>871</u>
2003A Issue - 3.00-6.00%	35,815	1,240	1,295	1,350	1,410	1,475
Plus: Unamortized Premium	290	32	32	32	32	32
	<u>36,105</u>	<u>1,272</u>	<u>1,327</u>	<u>1,382</u>	<u>1,442</u>	<u>1,507</u>
2004A Refunding Issue - 3.00-4.50%	17,060	145	150	155	1,370	1,420
Less: Deferred Amount on Refunding	(1,143)	(92)	(92)	(92)	(92)	(92)
Plus: Unamortized Premium	213	17	17	17	17	17
	<u>16,130</u>	<u>70</u>	<u>75</u>	<u>80</u>	<u>1,295</u>	<u>1,345</u>
2004B Refunding Issue - 3.00-5.00%	7,655	115	1,355	1,410	1,490	1,560
Less: Deferred Amount on Refunding	(161)	(32)	(32)	(32)	(32)	(32)
Plus: Unamortized Premium	360	71	71	71	71	71
	<u>7,854</u>	<u>154</u>	<u>1,394</u>	<u>1,449</u>	<u>1,529</u>	<u>1,599</u>
Water and Sewerage						
1985A Refunding Issue - 5.00-9.375%	177	177	--	--	--	--
<b>Total General Obligation Bonds</b>	<u><u>285,465</u></u>	<u><u>18,910</u></u>	<u><u>20,430</u></u>	<u><u>19,496</u></u>	<u><u>19,952</u></u>	<u><u>20,599</u></u>

Maturities  
(thousands of dollars)

2010- 2014	2015- 2019	2020- 2024	2025- 2029	2030- 2034
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
3,230	--	--	--	--
(1,079)	--	--	--	--
2,151	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
7,230	7,400	--	--	--
2,660	--	--	--	--
10,900	13,990	--	--	--
24,505	32,270	--	--	--
4,825	--	--	--	--
8,165	10,320	4,845	--	--
5,425	--	--	--	--
(202)	--	--	--	--
73	--	--	--	--
5,296	--	--	--	--
5,085	2,420	--	--	--
(350)	(86)	--	--	--
230	53	--	--	--
4,965	2,387	--	--	--
8,410	10,465	10,170	--	--
130	--	--	--	--
8,540	10,465	10,170	--	--
8,065	5,755	--	--	--
(460)	(223)	--	--	--
85	43	--	--	--
7,690	5,575	--	--	--
1,725	--	--	--	--
(1)	--	--	--	--
5	--	--	--	--
1,729	--	--	--	--
--	--	--	--	--
88,656	82,407	15,015	--	--

**Maturities**  
(thousands of dollars)

	Total	2005	2006	2007	2008	2009
<b>General Obligation Notes</b>						
1998A Certificate of Indebtedness - 4.65-5.25%	30,270	--	760	3,445	3,620	3,800
1998B Certificate of Indebtedness - 5.79-6.48%	5,545	3,055	2,490	--	--	--
1999 City Hall Project Notes - 4.75-7.00%	5,615	680	715	755	800	840
Property Acquisition - 4.77%	186	57	62	67	-	--
2000 Independence Stadium - Variable	24,590	145	150	155	160	170
2000A Independence Stadium - Variable	4,915	30	30	30	30	35
Capital Lease - 5.29%	286	91	95	100	--	--
Suntrust Lease/Purchase - 3.68%	3,493	1,122	1,164	1,207	--	--
Convention Center Hotel Note - Variable	1,470	11	11	11	11	11
Banc One Lease/Purchase - 3.07%	4,586	862	889	916	945	974
Community Bank Lease/Purchase	1,521	--	113	130	136	142
Capital Lease - Water and Sewerage - 5.29%	162	51	54	57	--	--
2004 Certificate of Indebtedness - 2.0-4.2%	5,375	200	255	260	270	275
Less: Unamortized Discount	(54)	(3)	(3)	(3)	(3)	(3)
	5,321	197	252	257	267	272
<b>Total General Obligation Debt</b>	<b>373,425</b>	<b>25,211</b>	<b>27,215</b>	<b>26,626</b>	<b>25,921</b>	<b>26,843</b>
<b>Municipal and Regional Airports</b>						
1997A Issue - 5.375%	7,390	--	--	--	--	--
1997B PFC Issue - 4.20-5.375%	15,745 (2)	--	555	580	610	635
<b>Total Revenue Bonds - Airports</b>	<b>23,135</b>	<b>--</b>	<b>555</b>	<b>580</b>	<b>610</b>	<b>635</b>
<b>Water and Sewerage</b>						
1993B Issue - 4.25-9.00%	6,160	530	565	600	635	675
1997A Refunding Issue - 4.00-5.40%	5,535	905	950	845	635	475
Less: Deferred Amount on Refunding	(296)	(30)	(30)	(30)	(30)	(30)
	5,239	875	920	815	605	445
2000A Issue - 5.00-7.00%	9,050	255	265	280	300	315
2001A Issue - 3.95%	6,520	255	265	275	285	300
2001B Issue - 3.95%	6,520	255	265	275	285	300
2001C Issue - 3.95%	2,223	205	210	220	225	235
2002A Issue - 3.95%	10,930	--	--	--	--	--
2002B Issue - 3.95%	2,246	--	--	--	--	--
2003A Issue - 3.95%	12,108	--	--	--	--	--
2002A Refunding Issue - 4.00-4.65%	16,725	--	--	170	2,200	3,755
Less: Unamortized Discount	(3,766)	--	--	--	(359)	(725)
Less: Deferred Amount on Refunding	(814)	(116)	(116)	(116)	(116)	(116)
Plus: Unamortized Reoffer Call Premium	135	19	19	19	19	19
	12,280	(97)	(97)	73	1,744	2,933
2003A Refunding Issue - 4.00-5.00%	40,735	6,080	6,320	5,790	4,895	3,635
Less: Deferred Amount on Refunding	(2,448)	(245)	(245)	(245)	(245)	(245)
Plus: Unamortized Reoffer Call Premium	2,296	230	230	230	230	230
	40,583	6,065	6,305	5,775	4,880	3,620
2003B Refunding Issue - 2.00-5.00%	18,495	1,605	1,640	1,680	1,725	1,775
Less: Deferred Amount on Refunding	(1,336)	(134)	(134)	(134)	(134)	(134)
Plus: Unamortized Original Issuance Premium	617	62	62	62	62	62
	17,776	1,533	1,568	1,608	1,653	1,703

Maturities  
(thousands of dollars)

2010- 2014	2015- 2019	2020- 2024	2025- 2029	2030- 2034
15,500	3,145	--	--	--
--	--	--	--	--
1,825	--	--	--	--
--	--	--	--	--
1,575	3,485	6,195	9,990	2,565
315	695	1,235	2,000	515
--	--	--	--	--
--	--	--	--	--
442	442	442	89	--
--	--	--	--	--
814	186	--	--	--
--	--	--	--	--
1,500	1,790	825	--	--
(13)	(13)	(13)	--	--
1,487	1,777	812	--	--
110,614	92,137	23,699	12,079	3,080
--	--	1,180	6,210	--
3,685	4,725	4,955	--	--
3,685	4,725	6,135	6,210	--
3,155	--	--	--	--
1,725	--	--	--	--
(146)	--	--	--	--
1,579	--	--	--	--
1,880	2,475	3,280	--	--
1,680	2,035	1,425	--	--
1,680	2,035	1,425	--	--
1,128	--	--	--	--
--	7,522	3,408	--	--
2,246	--	--	--	--
2,781	4,142	5,027	158	--
10,600	--	--	--	--
(2,682)	--	--	--	--
(234)	--	--	--	--
40	--	--	--	--
7,724	--	--	--	--
14,015	--	--	--	--
(1,223)	--	--	--	--
1,146	--	--	--	--
13,938	--	--	--	--
10,070	--	--	--	--
(666)	--	--	--	--
307	--	--	--	--
9,711	--	--	--	--

**Maturities**  
(thousands of dollars)

	Total	2005	2006	2007	2008	2009
2003C Refunding Issue - 4.00%	11,105	925	960	1,000	1,040	1,085
Less: Deferred Amount on Refunding	(74)	(7)	(7)	(7)	(7)	(7)
Plus: Unamortized Reoffer Call Premium	468	47	47	47	47	47
	<u>11,499</u>	<u>965</u>	<u>1,000</u>	<u>1,040</u>	<u>1,080</u>	<u>1,125</u>
2004B Refunding Issue - 4.00-5.00%	10,740	1,030	1,780	1,855	1,925	2,025
Less: Deferred Amount on Refunding	(100)	(18)	(17)	(18)	(17)	(18)
Plus: Unamortized Reoffer Call Premium	551	100	100	100	100	100
	<u>11,191</u>	<u>1,112</u>	<u>1,863</u>	<u>1,937</u>	<u>2,008</u>	<u>2,107</u>
<b>Total Revenue Bonds -- Water and Sewerage</b>	<u>154,325</u>	<u>11,953</u>	<u>13,129</u>	<u>12,898</u>	<u>13,700</u>	<u>13,758</u>
<b>Total Principal</b>	<u>550,885</u>	<u>37,164</u>	<u>40,899</u>	<u>40,104</u>	<u>40,231</u>	<u>41,236</u>
<b>INTEREST REQUIREMENTS:</b>						
General Obligation Debt	134,793	15,458	14,979	14,044	13,210	12,335
Revenue Bonds and Notes						
Water and Sewerage	52,130	6,656	6,073	5,568	5,003	4,470
Municipal and Regional Airports	17,477 (2)	--	1,211	1,185	1,158	1,129
<b>Total Interest Requirements</b>	<u>204,400</u>	<u>22,114</u>	<u>22,263</u>	<u>20,797</u>	<u>19,371</u>	<u>17,934</u>
<b>Total Future Debt Requirements</b>	<u>\$755,285</u>	<u>\$59,278</u>	<u>\$63,162</u>	<u>\$60,901</u>	<u>\$59,602</u>	<u>\$59,170</u>

(1) The principal and interest for the 1987A General Obligation Bond Issues which were due January 1, 2005 were paid as of December 31, 2004; therefore, there were no requirements for 2005.

(2) The principal and interest for the 1997B PFC Revenue Bonds due January 1, 2005 were paid as of December 31, 2004; therefore, there were no requirements for 2005.

Maturities  
(thousands of dollars)

2010- 2014	2015- 2019	2020- 2024	2025- 2029	2030- 2034
6,095	--	--	--	--
(39)	--	--	--	--
233	--	--	--	--
6,289	--	--	--	--
2,125	--	--	--	--
(12)	--	--	--	--
51	--	--	--	--
2,164	--	--	--	--
55,955	18,209	14,565	158	--
170,254	115,071	44,399	18,447	3,080
41,193	17,636	4,811	1,091	36
15,634	6,654	2,069	3	--
5,142	4,103	2,693	856	--
61,969	28,393	9,573	1,950	36
\$232,223	\$143,464	\$53,972	\$20,397	\$3,116

The Shreveport Home Mortgage Authority has debt that is significant in proportion to the total debt of all component units. The annual requirements to amortize all debt outstanding as of December 31, 2004, including interest requirements are as follows:

	Maturities (thousands of dollars)									
	Total	2005	2006	2007	2008	2009-	2014-	2019-	2024	2028
<b>Bond Issues:</b>										
1984 Single Family	\$ 480	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 480	\$ --	\$ --	\$ --
1988 Refunding	2,952	2,952	--	--	--	--	--	--	--	--
1995 Single Family Refunding	2,940	--	--	--	--	--	--	--	--	2,940
2003 Single Family	7,500	--	--	7,500	--	--	--	--	--	--
2004 Multi-Family Refunding	4,340	60	60	60	60	370	520	3,210	--	--
<b>Total principal on bonds</b>	<b>18,212</b>	<b>3,012</b>	<b>60</b>	<b>7,560</b>	<b>60</b>	<b>370</b>	<b>1,000</b>	<b>3,210</b>	<b>2,940</b>	<b>2,940</b>
<b>Less:</b>										
Unaccreted discount	1,403	1,062	--	--	--	--	341	--	--	--
<b>Net principal</b>	<b>16,809</b>	<b>1,950</b>	<b>60</b>	<b>7,560</b>	<b>60</b>	<b>370</b>	<b>659</b>	<b>3,210</b>	<b>2,940</b>	<b>2,940</b>
<b>Total Interest</b>	<b>11,966</b>	<b>653</b>	<b>612</b>	<b>531</b>	<b>524</b>	<b>2,621</b>	<b>2,621</b>	<b>2,621</b>	<b>1,783</b>	<b>1,783</b>
<b>Total Future Debt Requirements</b>	<b>\$28,775</b>	<b>\$2,603</b>	<b>\$672</b>	<b>\$8,091</b>	<b>\$584</b>	<b>\$2,991</b>	<b>\$3,280</b>	<b>\$5,831</b>	<b>\$4,723</b>	<b>\$4,723</b>

### General Obligation Bonds

General obligation bonds are direct general obligations of the City. Principal and interest are payable from ad valorem taxes levied on all taxable property within the City. As discussed in the following paragraphs, certain of the bond issues are currently being paid from sources other than ad valorem tax levies; however, ad valorem taxes are pledged should payment not be made from those other sources.

Certain of the general obligation bonds were issued for capital improvements of the Department of Water and Sewerage. The entire amount of future debt service relating to these bond issues will be paid from the operations of the Department of Water and Sewerage. Accordingly, this debt has been included in the financial statements of the Enterprise Funds.

On December 1, 1985, the City issued \$125,781,623 in General Obligation Refunding Bonds, Series 1985 of which \$6,660,000 were recorded on the financial statements of the Department of Water and Sewerage Fund. The proceeds, along with other monies from the City, were used to refund all prior outstanding general obligation bonds except for one series of the 1962 bonds which were issued to finance an industrial plant which was leased to a private entity. The refunded bonds are considered to be defeased and have been removed from the governmental activities column of the Statement of Net Assets. The principal outstanding at December 31, 2004 on the bonds refunded was \$3,355,000.

On July 17, 1987, the City issued \$17,203,141 in General Obligation Refunding Bonds, Series 1987 to advance refund \$17,100,000 of outstanding 1986 Series A Bonds. The 1986 Series A Bonds are considered to be defeased and have been removed from the governmental activities column of the Statement of Net Assets. The principal outstanding at December 31, 2004 on the bonds refunded was \$3,000,000.

In November 2003, the City issued \$10,515,000 in General Obligation Refunding Bonds, Series 2003B to advance refund a portion of the outstanding General Obligation Bonds, Series 1996. The amount refunded was \$9,835,000 with maturities from 2007 through 2016. These bonds will be called for redemption in 2006 and are considered defeased and have been removed from the governmental activities column of the Statement of Net Assets. The principal outstanding at December 31, 2004 on the bonds refunded was \$9,835,000.

In October 2004, the City issued \$17,060,000 in General Obligation Refunding Bonds, Series 2004A to advance refund a portion of the General Obligation Bonds, Series 1997 and to pay for the costs of issuance. Included in the proceeds was a reoffering premium of \$215,816. The amount refunded was \$16,000,000 with maturity dates from 2008 through 2017. The refunding bonds have maturity dates from 2005 through 2017 with principal payments from \$145,000 to \$2,005,000 with interest rates from 3.00% to 4.50%. Existing sinking funds of \$328,184 along with the net proceeds of \$16,830,560 were placed in an irrevocable trust for future debt service payments of the refunded bonds. Proceeds of \$49,557 from the refunding bonds were recorded to the original 1997 General Obligation Bond Fund due to excess funds generated by a change in interest rates. These bonds will be called for redemption in 2007 and have been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,158,744. This amount is being netted against the new debt and amortized over the life of the new debt which is the same as the refunded debt. The refunding was undertaken to reduce the future debt service payments by \$679,341 and resulted in a net economic gain of \$535,814. The principal outstanding at December 31, 2004 on the bonds refunded was \$16,000,000.

In November 2004, the City issued \$7,655,000 in General Obligation Refunding Bonds, Series 2004B to advance refund a portion of the General Obligation Refunding Bonds, Series 1995 and to pay for the costs of issuance. Included in the proceeds was a reoffering premium of \$372,301. The amount refunded was \$7,640,000 with maturities from 2006 through 2010. The refunding bonds have maturity dates from 2005 through 2010 with principal payments from \$115,000 to \$1,725,000 with interest rates 3.00% to 5.00%. The net proceeds of \$7,806,529 were placed in an irrevocable trust for future debt payments of the refunded bonds. These bonds will be called for redemption in 2005, and have been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$166,529. This amount is being netted against the new debt and amortized over the life of the new debt which is the same as the refunded debt. The refunding was undertaken to reduce the future debt service payments by \$360,771 and resulted in a net economic gain of \$337,617. The principal outstanding at December 31, 2004 on the bonds refunded was \$7,640,000.

#### General Obligation Note

In December 2004, the City issued \$5,375,000 in Certificates of Indebtedness, Series 2004 for the purpose of financing energy saving capital expenditures and paying the costs of issuance. The certificates are payable from an irrevocable pledge and dedication of the excess of annual revenue above statutory, necessary and usual charges in each fiscal year during which the certificates are outstanding and any other legally available excess revenues. The certificates were issued at a discount of \$53,910. Principal payments range from \$200,000 to \$420,000 with interest rates of 2.0% to 4.2% and maturity dates from 2005 through 2021.

In December 2002, the City entered into a Loan Agreement for \$2,500,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority. The loan was made to fund a portion of the cost of the Convention Center Hotel. The loan is made through advances as expenditures are incurred. The final maturity is March 2025. Interest is payable only on funds advanced against the loan. Interest is computed weekly based on the Bond Market Association (BMA) Municipal Swap Index and is payable monthly along with an amortized amount of principal outstanding. The amount advanced in 2004 was \$1,295,025 and to date totals \$1,477,974 with total principal payments of \$9,100. Debt service is prorated through 2025 based on the outstanding principal at a rate of 3.43% which was the rate at year-end.

In March 2000, the City entered into a Loan Agreement for \$25,000,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority. The Authority issued \$25,000,000 of its Revenue Bonds (City of Shreveport/Independence Stadium Project) Series 2000 for the purpose of constructing, renovating, and equipping improvements to Independence Stadium, including equipment, furnishings, fixtures, and facilities incidental or necessary and paying the costs of issuance of the bonds. Through the loan agreement, the City agrees to make these payments from any lawfully available funds and to budget these amounts annually. The debt schedule for annual requirements assumes an interest rate of 2.29% which was the rate in effect at December 31, 2004. In October 2003, the City entered into an Interest Rate Swap Transaction with JP Morgan Chase Bank. The bank converted the bonds to a term rate made with the same maturities through September 1, 2008. The City will continue to pay variable rate interest based on the Bond Market Association (BMA) Municipal Swap Index plus .30 percent. If the bonds are not remarketed at the end of the term rate period, the term rate shall be 8.00% until remarketed. There are no external events to change this transaction, and the City will pay a lower interest rate and will not require a standby purchase agreement or a remarketing agreement.

In December 2000, the City entered into a Loan Agreement for \$5,000,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority. The Authority issued \$5,000,000 of its Revenue Bonds (City of Shreveport/Independence Stadium Project) Series 2000A for

the purpose of constructing, renovating, and equipping improvements to Independence Stadium, including equipment, furnishings, fixtures, and facilities incidental or necessary and paying the costs of issuance of the bonds. Through the loan agreement, the City agrees to make these payments from any lawfully available funds and to budget these amounts annually. The debt schedule for annual requirements assumes an interest rate of 2.29% which was the rate in effect at December 31, 2004. In October 2003, the City entered into an Interest Rate Swap Transaction with JP Morgan Chase Bank. The bank converted the bonds to a term rate made with the same maturities through September 1, 2008. The City will continue to pay variable rate interest based on the Bond Market Association (BMA) Municipal Swap Index plus .30 percent. If the bonds are not remarketed at the end of the term rate period, the term rate shall be 8.00% until remarketed. There are no external events to change this transactions, and the City will pay a lower interest rate and will not require a standby purchase agreement or a remarketing agreement.

Community Development Notes

In March 2004, the City entered into a Section 108 Housing and Urban Development (HUD) guaranteed loan for \$2,500,000 for Shreveport Inner City Economic Development Initiative (SICEDI). The initial drawdown was for \$450,000 in 2004. The loan carries a variable interest rate. The rate in effect at year end was 2.60%, and is the rate used for the debt schedule.

The City has four other HUD loans received in prior years. The loans are secured by a note receivable from the developer with a first lien mortgage and a pledge of the City's current and future CDBG funds. The note receivable and loan payable are recorded in the Community Development Fund due to the flow of funds between the developer, the City, and HUD. The developer makes payments to the City and the City services the loan to HUD. An allowance for doubtful accounts has been provided for one note originally made for \$2,200,000 and still outstanding for the full amount. Another note originally made for \$5,000,000 is not collectible. An amount of \$885,000 and \$4,500,000 respectively, has been recorded as due from HUD at December 31, 2004 in relation to these notes as well as \$779,652 for interest paid but not drawn down at this date.

The debt service requirements to maturity for these loans are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 945,000	\$ 484,788
2006	970,000	438,822
2007	990,000	390,331
2008	606,000	339,509
2009	554,000	305,898
2010-2014	2,840,000	999,580
2015-2019	<u>1,210,000</u>	<u>198,596</u>
 Total	 <u>\$8,115,000</u>	 <u>\$3,157,524</u>

Municipal and Regional Airports Revenue Bonds

The resolutions applicable to the Municipal and Regional Airports Revenue Bonds require the establishment of various bond principal and interest sinking funds and the establishment of a debt service reserve fund. For financial statement reporting, these funds have been consolidated within the Municipal and Regional Airport fund. Net assets of the Municipal and Regional Airport fund have been restricted in accordance with the provisions of the respective bond indentures in the amount of \$1,771,797 at December 31, 2004, which represents the restricted assets included in the debt service funds at that date with no current liabilities payable from these restricted assets.

The City has covenanted in the General Bond Resolution that it will at all times fix, prescribe and collect rents, fees and other charges for the services and facilities furnished by the Airport System sufficient to yield net revenues during each fiscal year equal to at least 125% of debt service for such fiscal year and to yield revenues during each fiscal year equal to at least 100% of the aggregate amounts required to be deposited during the first year in each account created by the General Bond Resolution.

Restricted assets on the balance sheet of the Municipal and Regional Airport fund primarily represent amounts which are required to be maintained pursuant to ordinances relating to bonded indebtedness. A summary of restricted assets at December 31, 2004 follows:

<u>Fund</u>	
Debt Service Reserve Funds	\$1,771,797
Other Miscellaneous Reserve Funds	2,175,097
Bond and Interest Sinking Funds	<u>24,132</u>
 Total restricted assets	 <u>\$3,971,026</u>

Department of Water and Sewerage Revenue Bonds

During September 1986, the City issued \$31,080,000 in Water and Sewer Revenue Bonds 1986 Series B to advance refund \$23,715,000 of the 1984 Series A Bonds. The 1984 Series A Bonds are considered to be defeased and have been removed from the business activities column of the Statement of Net Assets. The principal outstanding at December 31, 2004 on the bonds refunded was \$1,165,974.

In February 2004, the City authorized the issuance of \$16,000,000 of Water and Sewer Revenue Bonds, Series 2004A. These bonds are the fourth and final issue of a total of \$70,000,000 approved in 2001. The bonds were issued through a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality for the purpose of construction, improvement, rehabilitation, and expansion of the sewer plant and system (the "System") and paying the costs of issuance. Principal payments range from \$581,000 to \$1,168,000 with an interest rate of 3.45% and an administrative fee of 0.5% for a total of 3.95% and maturity dates from 2005 through 2023.

The Louisiana Department of Environmental Quality, as the initial purchaser of the bonds will pay the purchase price of the bonds in installments as needed to pay the project costs, and interest shall be payable only on the amount purchased from the date of purchase. At December 31, 2004, the bonds authorized that have not been fully purchased and the amount purchased to date are the 2001C \$5,540,000 (\$2,602,953), 2002A \$25,000,000 (\$23,144,317), 2002B \$13,000,000 (\$5,969,255), 2003A \$16,000,000 (\$15,031,421), 2003B \$6,000,000 (\$1,096,000), 2004B \$16,000,000 (\$3,849,000). The amounts drawdown in 2004 were 2001B (\$2,340,670), 2001C (\$2,278,054), 2002A (\$4,843,342), 2002B (\$3,928,741), 2003A (\$14,684,301), 2003B (\$1,046,000), and 2004A (\$3,849,000).

In June 2004, the City issued \$10,740,000 in Water and Sewer Revenue Bonds, 2004 Refunding Series B to currently refund and prepay a portion of the outstanding and to be issued Water and Sewer Revenue Bonds, Series 2002B, 2003A, 2003B, and 2004A and to pay for the costs of issuance. The amounts refunded were \$3,251,000 of the Series 2002B with maturity dates from 2005 through 2010, \$2,923,000 of the Series 2003A with maturity dates from 2006 through 2010, \$1,096,000 of the Series 2003B with maturity dates from 2006 through 2010 and \$3,849,000 of the Series 2004A with maturity dates from 2005 through 2010. The refunding bonds have maturity dates from 2005 through 2010 with principal payments from \$1,030,000 to \$2,125,000 with interest rates of 4.00% to 5.00%. Included in the proceeds was a reoffering premium of \$601,616. The net proceeds of \$11,147,695 were used to refund \$6,319,372 of bonds drawn down and issued plus interest of \$15,254 and to provide \$4,813,069 to the City as new bond proceeds. These bonds have been removed from the business activities column of the Statement of Net Assets. The reacquisition price exceeded the carrying amount of the old debt by \$109,523. This amount

is being netted against the new debt and amortized over the life of the new debt which is basically the same as the refunded debt. The refunding was undertaken to reduce future debt service payments by \$134,477 and resulted in an economic gain of \$119,172.

The Series 2004A and 2004 Refunding Series B Bonds together with the Prior Lien Bonds are secured by and payable solely from the income and revenues to be derived from the operation of the System subject to the prior payment of the reasonable and necessary expenses of operation and maintenance of the System.

The resolutions applicable to the Department of Water and Sewerage Revenue Bonds require the establishment of various bond principal and interest sinking funds and the establishment of a debt service reserve fund. For financial statement reporting, these funds have been consolidated within the Department of Water and Sewerage.

The City has debt covenants with respect to the various Water and Sewer bond issues to fix and collect rates and charges for all water and sewerage services supplied by the System which will be sufficient in each fiscal year, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the System, to produce net revenues (i) sufficient to pay debt service on all outstanding city bonds and to maintain the funds and accounts as provided in the bond resolution and (ii) which result in each fiscal year in the greater of (a) the sum of debt service payable on the city bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund, or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1, the required debt service coverage ratio.

Restricted assets on the balance sheet of the Department of Water and Sewerage primarily represent amounts which are required to be maintained pursuant to ordinances relating to bonded indebtedness (construction, debt service, and bond principal and interest sinking funds). A summary of restricted assets by bond issue at December 31, 2004 follows:

<u>Fund</u>	
1990A and B Bonds Construction Funds	\$ 95,057
1991A Bond Construction Fund	3,140,045
1993B and 1994B Bond Construction Fund	1,898,296
Debt Service Reserve Funds	7,225,887
Bond and Interest Sinking Funds	1,701,354
2000A Bond Construction Fund	2,243,778
2001B Bond Construction Fund	4,143,028
2001C Bond Construction Fund	1,038,250
Miscellaneous Bond Construction Fund	<u>343,514</u>
 Total restricted assets	 <u>\$21,829,209</u>

**Shreveport Home Mortgage Authority Bonds**

On February 1, 2004, the Authority issued \$4,360,000 in bonds, the 2004 Multi-Family Housing Revenue Refunding Bonds, to advance refund the \$4,360,000 1995 Multi-Family Issue. Bond costs of \$130,569 were paid by the Authority. The 1995 Multi-Family Issue Bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2004, the principal outstanding on the refunded bonds was \$4,340,000.

On March 14, 1995, the Authority issued \$4,435,000 in bonds, the 1995 Issue (Multi-Family Refunding), to advance refund the \$4,360,000 1983-B Issue bearing interest at 6.4% and pay part of the issuance costs

of the new bonds. The 1983-B Issue bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2004, the principal outstanding on the refunded bonds was \$4,360,000.

The 1979 issue bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2004, \$37,500,000 of bonds in the 1979 issue are still outstanding.

#### IV. Other Information

##### A. Retirement Commitments - Defined Benefit Pension Plans and Defined Contribution Plan

The City of Shreveport administers three defined benefit pension plans: the Firemen's Pension and Relief Fund (FPRF), the Policemen's Pension and Relief Fund (PPRF) and the Employees' Retirement System (ERS). These plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or another entity and are therefore included as combining statements under the sections entitled "Combining and Individual Fund Statements and Schedules".

##### Summary of Significant Accounting Policies

**Basis of Accounting** - The three City administered pension plans' financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which employees provide services to the entity. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The cash surrender value of life insurance policies is recorded as an other asset for the FPRF and PPRF. The policies are valued at their cash value as of the date of the financial statements. The policies provide assets to fund benefits of the plan.

##### Concentration of Investments

The FPRF, PPRF and ERS had no investments in any one organization representing 5% or more of the fund balance reserved for employees' pension benefits except for obligations of the federal government. There are no investments in loans to or leases with parties related to the pension plans.

##### Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at December 31, 2004:

	<u>FPRF</u>	<u>PPRF</u>	<u>ERS</u>
Retirees and beneficiaries receiving benefits	301	201	772
Terminated plan members entitled to but not yet receiving benefits	-	-	8
Active plan members:			
Vested	67	4	652
Nonvested	<u>-</u>	<u>-</u>	<u>775</u>
<b>Total</b>	<b><u>368</u></b>	<b><u>205</u></b>	<b><u>2,207</u></b>
Number of participating employers	1	1	5

Administrative costs of the ERS are financed through contributions from the employer, members and investment income. Administrative costs of the FPRF and PPRF are financed through contributions from the employer and investment income.

The FPRF, PPRF and ERS do not have any legally required reserves.

#### Firemen's Pension and Relief Fund

Plan Description - The FPRF is a single-employer defined benefit pension plan that temporarily covers firefighters who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the State plan.

Until January 1, 1983, the Firemen's Pension and Relief Fund provided the primary retirement benefits for two groups of employees. Firefighters hired before July 12, 1977 were covered under an "Old Plan." Firefighters hired on or after July 12, 1977 were covered by a "New Plan". Under the Old Plan, a firefighter was eligible to retire at any age with 20 years of service. Benefits are payable monthly for life equal to 50% of the fireman's monthly salary, plus 3 1/3% for each year of service between 20 and 25 years, plus 1 2/3% for each year of service between 25 and 30 years. Under the New Plan, a firefighter is eligible to retire at age 50 with 20 years of service or age 55 with 12 years of service. Benefits are 2 1/2% of three-year average pay times years of service up to 10, plus 3% of each year of service over 10. The benefit cannot exceed 85% of final salary. The City guarantees that it will pay the benefits under the Old and New Plans until the member is eligible for a benefit from the Statewide Firefighters Retirement System. It also guarantees to pay the excess benefit of these plans over the Statewide Firefighters Retirement System.

Disability benefits are payable under the Old Plan on the basis of: (1) temporary total disability in the line of duty, (2) total disability in the line of duty, (3) occupational disability in the line of duty, or (4) total disability not in the line of duty. Disability benefits payable are (1) 66 2/3% of the monthly salary, payable for no more than one year; (2) 66 2/3% of the salary of active members holding the position corresponding to that held by the disabled member at the time he became disabled is payable for the duration of the disability or until the member reaches eligibility for retirement on service basis, except the benefit will end as of the time when the member would have completed 30 years of service; (3) 50% of salary of active members holding the position corresponding to that held by the disabled, not to exceed 66 2/3% of first class hoseman's salary, payable for duration if disability or until eligible for service retirement; and (4) 25% of salary of active members holding the position corresponding to that held by the disabled member at the time he became disabled, plus an additional 2% of such salary for each year of service over 5 years, but not to exceed 50% of a first class hoseman's salary payable for the duration of the disability. Under the New Plan, the disability benefit is (1) 60% of the fireman's monthly salary or (2) 75% of the accrued benefit. The City guarantees it will pay any excess of the benefits of this plan over the Statewide Firefighters Retirement System.

Under the Old Plan, death benefits equal to 50% of a beginning fireman's salary are payable to a surviving spouse. The City guarantees that it will pay this benefit for each fireman holding a guarantee of benefits contract. Under the New Plan, there is not an automatic benefit provided. Death benefits are based on the option chosen by the member at retirement.

There was not a vesting provision under the Old Plan. Members were eligible for benefits only after serving the time requirement for normal retirement. Under the New Plan, members vest after twelve years service and may receive a benefit at age 50 with twenty years service or at age 55 with a minimum of twelve years service. Benefits are established and may be amended by State statutes.

The guaranteed benefits are paid to a closed group of firefighters. A significant part of the guaranteed benefits are the temporary benefits payable until age 50. The value of these temporary benefits can fluctuate widely, since it directly depends upon how many people retire before age 50.

Only the employer makes contributions on a pay-as-you-go basis. The employer contribution obligations are established and may be amended by State statutes. Contributions are made from the General Fund. The City's contribution rate is currently 30.5% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation to FPRF for the current year were as follows:

Annual required contribution	\$ 1,228,535
Interest on net pension obligation	20,868
Adjustment to annual required contribution	( 32,381)
Annual pension cost	1,217,022
Contributions made	<u>1,228,535</u>
Decrease in net pension obligation	( 11,513)
Net pension obligation beginning of year	<u>231,868</u>
Net pension obligation end of year	<u>\$ 220,355</u>

The net pension obligation is \$220,355 at December 31, 2004, and it is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2004 actuarial valuation using the projected unit credit actuarial cost method.

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
12/31/02	\$ 680,210	100.3%	\$242,430
12/31/03	866,648	101.2	231,868
12/31/04	1,217,022	100.9	220,355

#### Policemen's Pension and Relief Fund

Plan Description - The PPRF is a single-employer defined benefit pension plan that temporarily covers policemen who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan.

Until July 12, 1977, all police officers hired became participants in the plan as a condition of employment. After July 12, 1977, all new policemen were placed directly into the State's Municipal Police Employees' Retirement System (MPERS). Currently only policemen who retire after January 1, 1983, and who meet the eligibility requirements for a retirement benefit from the local plan but not the state plan, are being paid from this fund. Under this plan, a policeman hired before 1969 can retire at any age with 20 years of service; policemen hired after 1968 can retire at any age with 25 years of service. Benefits are payable monthly at 66 2/3% of monthly salary, plus an additional 0.833% for each year of service over 20 served after July 12, 1977. An additional 1.66% is paid for each year of service over 25 if the employee was hired after 1968. The benefit cannot exceed 75% of the policeman's monthly salary. The City guarantees that it will pay the benefit under this plan until the member is eligible for the Municipal Police Employee's Retirement System. It guarantees to pay the excess benefits, if any, of this plan over the Municipal Police Employee's Retirement System for the life of the member.

Disability benefits are payable on the basis of: (1) temporary total disability in the line of duty; (2) total and permanent disability in the line of duty; and (3) occupational disability that is total and permanent and received in the line of duty which renders the member unable to function in his police duties. Benefits payable are: (1) 66 2/3% of monthly salary of active member holding a position corresponding to that which had been held by a disabled member at the time he became disabled. Payments will be made for no more than one year or benefits will continue until member becomes eligible for service retirement; or (2) 50% of monthly salary of active member holding a position corresponding to that which had been held by a disabled member at the time he became disabled. Benefits will continue until member becomes eligible for service retirement. The City guarantees that it will pay any excess of the benefits of this plan over the MPERS.

A death benefit is payable to a surviving spouse equal to 50% of a beginning policeman's salary. The City guarantees that it will pay this benefit for each policeman holding a guarantee-of-benefits only after serving the time requirement for normal retirement. Benefits are established and may be amended by State statutes.

The guaranteed benefits are paid to a closed group of policemen. A significant part of the guaranteed benefits are the temporary benefits payable until age 50.

Only the employer makes contributions. The employer contribution obligations are established and may be amended by State statutes. The funding approach is to amortize all benefits over 25 years. However, the contribution cannot be less than the expected benefit payments for the year. Contributions are made from the General Fund. The City's contribution rate is currently 384.6% of covered payroll.

Annual Pension Cost and Net Pension Asset - The City's annual pension cost and net pension asset to PPRF for the current year were as follows:

Annual required contribution	\$ 1,235,533
Interest on net pension asset	( 79,015)
Adjustment to annual required contribution	<u>122,606</u>
Annual pension cost	1,279,124
Contributions made	<u>1,235,533</u>
Decrease in net pension asset	( 43,591)
Net pension asset beginning of year	<u>877,948</u>
Net pension asset end of year	<u>\$ 834,357</u>

The net pension asset is \$834,357 at December 31, 2004, and it is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2004 actuarial valuation using the projected unit credit actuarial cost method.

#### Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Asset</u>
12/31/02	\$ 770,917	98.8%	\$917,939
12/31/03	844,345	95.3	877,948
12/31/04	1,279,124	96.6	834,357

### Employees' Retirement System (ERS)

Plan Description - The ERS is a cost-sharing multiple employer defined benefit pension plan that covers all full-time classified employees of the City other than policemen and firemen and is administered by the City.

Non-City employees employed by the following organizations may become members in the system: Caddo Parish Library, Caddo-Shreveport Sales and Use Tax Commission, Caddo-Bossier Civil Defense Agency, Metropolitan Planning Commission, and other non-City employees recommended by the Board of Trustees and approved by the City Council. Appointed officials of the City and the Mayor have the option to join by filing an application within 90 days after taking office. However, by joining the retirement system, they may not participate in the deferred compensation program for appointed employees.

Prior to October 1, 1999, to be eligible for regular retirement benefits, members must have 30 years of service regardless of age or be age 65 with 10 years of service, and if hired before January 1, 1979 be 55 years of age with 20 years of service. If hired on or after January 1, 1979 members must be 55 years of age with 25 years of service or age 60 with 20 years of service. As of October 1, 1999, eligibility for regular retirement has been extended to any member who has 20 years of service at age 55. The difference before and after a hire of January 1, 1979 has been eliminated. Members become vested in the system after ten years of creditable service. Benefit provisions are established and may be amended by City ordinance.

Benefits available to members hired before January 1, 1996, consist of an annuity, which is the actuarial equivalent of the employee's accumulated contributions; plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 3% of average compensation times years of creditable service. Beginning January 1, 1996, the retirement allowance was increased to 3 1/3% of average compensation times years of creditable service for 1996 and future years of service. An early retirement provision has been implemented for any member who has at least ten years of service and is within ten years of a member's normal retirement age. The benefit is reduced. The plan allows members who have met eligibility requirements to defer receipt of benefits until termination. At December 31, 2004, there is \$1,716,494 being held for members in the Deferred Retirement Option Plan.

Prior to October 1, 1999, plan members were required by City ordinance to contribute 9% of compensation to the Plan. The City or other employers were required by the same ordinance to contribute 9.15% of compensation. As of October 1, 1999, member contributions were reduced to 5% of compensation while the City and other employers continued with a 9.15% total rate which is allocated between the Plan and the ERS Employer Contribution Plan which is a savings plan for members. Under this new employer allocation, 5.1% is contributed to the retirement plan and up to 4.05% is contributed to the savings plan based on a matching of member contributions. Any amounts not matched are contributed to the retirement plan. These percentages can vary from year to year based on actuarial evaluations, but in no case will the employer total rate of 9.15% change. Contribution amounts from plan members, the City and other employers may be amended by City ordinance. Effective October 1, 2002, the City's contributions to the savings plan were temporarily suspended in order to provide additional funding for the retirement plan. This increases the contribution to the retirement plan back to the full 9.15%. Contributions are made from the fund that the employee is paid from or from the organizations noted above. The contribution rate is currently 9.2% of annual covered payroll.

In February 2004, an ordinance was passed which changed the method of computation for cost-of-living increases. The new computation states that effective January 1 of each year, there will be a cost-of-living increase based on the Consumer Price Index (CPI) if certain conditions exist: 1) the CPI has increased a minimum of one percent 2) the funded percentage for the retirement system for the prior year is not

under ninety percent 3) the retirement systems overall rate of return on investments for the prior year was equal to or exceeded the actuarial interest rate for funding. The maximum increase is limited to five per cent.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation to ERS for the current year were as follows:

Annual required contribution	\$ 9,233,118
Interest on net pension asset	( 372,369)
Adjustment to annual required contribution	<u>391,344</u>
Annual pension cost	9,252,093
Contributions made	<u>3,613,963</u>
Decrease in net pension asset	(5,638,130)
Net pension asset beginning of year	<u>4,380,815</u>
Net pension obligation end of year	<u>\$ 1,257,315</u>

The net pension obligation is \$1,257,315 at December 31, 2004 and is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2004 actuarial valuation using the entry age normal actuarial cost method.

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension (Asset) Obligation
12/31/02	\$4,626,951	55.8%	\$(9,577,756)
12/31/03	8,823,440	41.1	(4,380,815)
12/31/04	9,252,093	39.1	1,257,315

#### Employees' Retirement System - Employer Contribution Plan

The ERS Employer Contribution Plan is a defined contribution plan that covers the same group of employees as described under the ERS plan and is administered by the City. A maximum amount of 4.05% of compensation is contributed to the plan based on a matching of member contributions. The match is 50% of contributions up to 4% of compensation and 25% of contributions exceeding 4% up to and including 6%. This is a total maximum of 2.5%. In addition, all members receive 1.55% of compensation with no matching requirements. These percentages can vary from year-to-year based on actuarial evaluations. This plan is established by City ordinance and may be amended. Effective October 1, 2002, the City's match of up to 2.5% and the non-matching contributions of 1.55% were temporarily suspended in order to provide additional funding for the retirement plan. Plan members are not required to contribute. Employer contributions are made from the fund the employee is paid from or from the organization described under the ERS plan. In 2004, the employing entities made no contributions.

#### Statewide Firefighters' Retirement System (SFRS)

##### Plan Description

The City of Shreveport contributes to the Statewide Firefighters' Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Firefighters' Retirement System. SFRS covers firefighters employed by any municipality, parish, or fire protection district of the

State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269 effective January 1, 1980. Benefits are established and may be amended by State statutes. The SFRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees, Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or by calling 504-925-4060.

#### Funding Policy

Plan members are required to contribute 8% of their annual compensation and the City is currently required to contribute 24% of annual compensation, excluding overtime but including State supplemental pay. The contribution requirements of plan members and the City are established and may be amended by the SFRS Board of Trustees. The City's contributions to SFRS for the years ending December 31, 2004, 2003, and 2002 were \$7,990,196, \$2,163,591, and \$1,884,744, respectively, equal to the required contributions for each year. The plans pension liability was determined in accordance with GASB Statement Number 27 and equaled zero before and after the transition.

The City's contribution rate prior to 2003 was 9%, and the City continued to pay this rate through 2004. The City, along with several other cities filed a lawsuit to block the increase in rates, but lost this suit in 2004. The City was required to pay an additional \$5,680,099 in 2005 for the years 2003 and 2004. These amounts are reflected in the City's 2004 financial statements.

#### Municipal Police Employees Retirement System (MPERS)

##### Plan Description

The City of Shreveport contributes to the Municipal Police Employees Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by a municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established and may be amended by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806 or by calling 1-800-443-4248.

##### Funding Policy

Plan members are required to contribute 7.5% of their annual compensation and the City is currently required to contribute 21.5% of annual compensation, excluding overtime but including State supplemental pay. Prior to July 1, 2003, the City's contribution rate was 9.0%. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to MPERS for the years ending December 31, 2004, 2003, and 2002 were \$4,087,599, \$2,716,359, and \$1,655,856, respectively, equal to the required contributions for each year. The plans pension liability was determined in accordance with GASB Statement Number 27 and equaled zero before and after the transition.

#### **B. Transit System**

The Shreveport Area Transit System (Transit System) is managed and operated for the City by a management company pursuant to an agreement which expires September 30, 2006. Based on terms of the agreement, management fees included in operating expenses were \$193,187. The City is required to reimburse the management company for the excess of expenses over revenues derived from the

operation of the Transit System. Pursuant to an agreement between the City of Shreveport and the City of Bossier City, Bossier City will pay the Transit System for the excess of expenses incurred over revenues derived from operations of transit services in Bossier City. The City reimbursed the Transit System \$3,524,969. Bossier City reimbursed the Transit System \$368,855.

**C. Post-Employment Health Care Benefits**

In addition to providing pension benefits, the City provides medical and dental care coverage for any retiree who receives a monthly retirement check from one of the City's retirement plans. Retirees may also continue to cover their dependents after their retirement. Currently, there are 1,475 retirees who are eligible to receive benefits. The City's contribution is equal to 50% of the cost of the base plan. Provisions of the plan and obligations to contribute are established in the City Charter.

The post-employment medical and dental care benefits are accounted for in the City's Health Care Internal Service Fund along with medical and dental benefits for active employees. The benefits are recognized as expenses when claims are incurred. At year-end, an estimate is made for incurred but not reported claims. The actual cost of the post-employment benefits is based directly on the amount of claims actually incurred. The costs are funded on a pay-as-you-go basis. For 2004, the total costs to the City for the retirees' medical premium and dental benefits were \$2,748,542.

**D. Contingencies**

Litigation

The City is a defendant in various lawsuits in addition to those accrued in the Retained Risk Fund. These lawsuits have not been accrued because the amount of the loss cannot be reasonably estimated at this time. It is the City's opinion that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Disallowances

The City participates in a number of federally assisted grant programs, principal of which are the Workforce Investment Act, Community Development Block Grant, and various construction grants. These programs are subject to program compliance audits under the Single Audit Act. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. City management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**E. Landfill Closure and Post-Closure Care Cost**

State and federal laws and regulations require the City to place a final cover on its Woolworth Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City has entered into a sanitary landfill services contract with a contractor. The contractor is responsible for the operation and closure of that portion of the landfill on which it conducted operations. The City is responsible for the maintenance and construction of all monitoring facilities and the conduct of all monitoring programs. If the contractor defaults on the contract, the City would be liable for all costs. We have reviewed the financial capability and stability of the contractor to ensure that the contractor will be able to meet the closure obligations when they are due. We believe that the contractor will be able to meet the obligations.

The City expects to close the landfill in the year 2025 which is an estimated remaining life of 21 years. The \$2,542,388 reported at December 31, 2004 represents the cumulative costs reported based on 46% of the capacity of the landfill having been used to date. This amount has been accrued in the government-wide financial statements within the governmental activities and has been reported as a

designation of fund balance in the General Fund. The estimated total current cost of post-closure care remaining to be recognized is \$2,984,542. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

The City is the permit holder for the landfill, and Louisiana Solid Waste Rules and Regulations require all permit holders to demonstrate financial responsibility by one of a group of financial tests contained within the regulations. The City has demonstrated its financial responsibility by the fact that the tangible net worth of the City is at least \$10 million, the net worth is at least six times the estimate of the closure and post-closure costs, and at least 90% of the assets are located in the United States.

#### **F. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. All self-insurance programs are accounted for within Internal Service Funds. The City has included incurred but not reported claims in determining its claims liability in both self-insurance programs.

The Retained Risk Fund is used to account for self-insurance activities involving property damage, workers' compensation and general liability claims. The City is retaining the risk for its automobile and general liability exposures, except for exposures related to Fire Department vehicles. Liability policies are maintained with third-party insurance carriers for the City's fire vehicles, the drivers, and attendants. The Municipal and Regional Airports are insured with a third-party carrier with liability limits to \$200 million combined single limit. The liability for workers' compensation was insured with a third-party insurance carrier with statutory limits in excess of the City's self-insured retention. The City retains \$500,000 of liability per occurrence for Louisiana Workers' Compensation benefits, and for U.S. Longshoremens and Harbors Workers Act, Jones Act, and other Maritime Act benefits per occurrence on its excess workers' compensation policy. The City retains \$1,200,000 per occurrence of loss pursuant to the provisions of a Commercial General Liability Policy which also provides coverage for Law Enforcement Liability, including the operation of the City jail. Property insurance was maintained with a third-party carrier subject to a \$50,000 per occurrence of loss deductible. Property coverage was also maintained with third-party carriers on heavy equipment and boilers and machinery.

There were no reductions in insurance coverage from coverage in the prior year. No property damage claim has exceeded the City's insurance coverage during the past three fiscal years.

Payments to the Retained Risk Fund are accounted for as revenues by the receiving fund and expenditures/expenses by the paying funds. Payments into the fund are available to pay claims and administrative costs of the program. Payments in excess of actual expenses are recorded as transfers. At December 31, 2004, the total net assets of \$5,666,165 were designated for future catastrophic losses.

Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors, including the effects of specific, incremental claim adjustment expenses, salvage and subrogation. No other allocated or unallocated claim adjustment expenses are included. The claims liability of \$7,535,296 reported in the fund at December 31, 2004 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in fiscal years 2003 and 2004 were:

Retained Risk Fund

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-end</u>
2003	\$6,713,339	\$ 6,633,160	\$ 5,807,755	\$7,538,744
2004	7,538,744	9,302,144	9,305,592	7,535,296

The City also maintains a self-insurance program to cover medical and dental care claims of City employees, retirees, and dependents. This program is accounted for in the Employees Health Care Fund, an Internal Service Fund.

Changes in the fund's claims liability amount in fiscal years 2003 and 2004 were:

Employees Health Care Fund

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-end</u>
2003	\$4,001,189	\$16,791,215	\$16,353,669	\$4,438,735
2004	4,438,735	16,467,982	17,352,247	3,554,470

**G. Compensation Paid to Council Members**

<u>Council Member</u>	<u>Compensation</u>
Calvin B. Lester, Jr., District A	\$14,500
Richard M. Walford, District B	14,500
Thomas G. Carmody, Jr., District C	15,473
Michael Gibson, District D	14,700
Jeffery A. Hogan, District E	14,500
James E. Green, District F	14,500
Theron J. Jackson, District G	<u>15,123</u>
	<u>\$103,296</u>

#### **H. Subsequent Events**

In February 2005, the City issued \$58,065,000 of General Obligation Refunding Bonds, Series 2005A. The bonds were issued to refund certain maturities of the General Obligation Bonds, Series 1999A originally issued for \$87,000,000. The amount refunded was \$56,775,000.

In April 2005, the City entered into a Loan Agreement for \$40,000,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority for the purpose of financing a portion of the cost of acquiring, owning, constructing, and equipping the Convention Center Hotel.

**CITY OF SHREVEPORT, LOUISIANA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(UNAUDITED)**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	FPRF	PPRF	ERS
Valuation date	12/31/04	12/31/04	12/31/04
Actuarial cost method	Projected unit credit	Projected unit credit	Entry age normal cost
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	11 years closed	11 years closed	30 years open
Asset valuation method	Market value	Market value	Market value
Actuarial assumptions: Investment rate of return	8%	8%	8.5%
Projected salary increases	5%	5%	3% + age-related merit and seniority increases
Includes inflation at	3.5%	3.5%	3.5%
Cost-of-living adjustments	3.5%	3.5%	1.8% (all but vested terminations)

CITY OF SHREVEPORT, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF EMPLOYER CONTRIBUTIONS  
 FISCAL YEARS ENDED DECEMBER 31, 1999 THROUGH DECEMBER 31, 2004  
 (UNAUDITED)

Year Ended December 31,	Employer Contributions					
	FPRF			ERS		
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1999	\$ 660,652	100.0%	\$ 775,334	100.0%	\$ 667,403	452.8%
2000	635,221	100.0	883,947	100.0	2,373,618	92.5
2001	736,703	113.9	890,371	100.0	2,259,514	94.1
2002	689,618	99.0	735,295	103.6	4,533,371	56.9
2003	877,210	100.0	804,354	100.0	8,746,333	41.5
2004	1,228,535	100.0	1,235,533	100.0	9,233,118	39.1

CITY OF SHREVEPORT, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS  
 FISCAL YEARS ENDED DECEMBER 31, 1999 THROUGH DECEMBER 31, 2004  
 (UNAUDITED)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL)	(3) Unfunded AAL (UAAI) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAI as a Percentage of Covered Payroll (3/5)
<u>PPRF</u>						
12/31/99	\$8,385,000	\$13,220,000	\$4,835,000	63.4%	\$6,121,000	79.0%
12/31/00	9,130,000	14,580,583	5,450,583	62.6	6,137,631	88.8
12/31/01	9,656,613	14,456,922	4,800,309	66.8	6,366,279	75.4
12/31/02	9,364,621	15,338,375	5,973,734	61.1	6,321,556	94.5
12/31/03	10,046,806	18,213,703	8,166,897	55.2	6,225,182	131.2
12/31/04	10,648,644	24,733,533	14,084,889	43.1	4,029,125	349.6
<u>PPRF</u>						
12/31/99	5,500,000	12,659,000	7,159,000	43.4	1,569,000	456.3
12/31/00	6,187,000	13,182,000	6,995,000	46.9	1,647,000	424.7
12/31/01	6,998,000	12,548,000	5,550,000	55.8	1,685,000	329.4
12/31/02	7,240,269	13,177,286	5,937,017	54.9	892,608	665.1
12/31/03	7,684,138	16,489,611	8,805,473	46.6	442,696	1,989.1
12/31/04	8,465,793	18,742,368	10,276,575	45.2	321,228	3,199.2
<u>ERS</u>						
12/31/99	180,720,000	174,758,000	(5,962,000)	103.4	33,915,000	(17.6)
12/31/00	182,972,000	184,931,000	1,959,000	98.9	35,441,000	5.5
12/31/01	175,992,000	200,328,000	24,336,000	87.9	36,592,000	66.5
12/31/02	154,413,000	221,956,000	67,543,000	69.6	37,726,000	179.0
12/31/03	172,751,000	241,897,000	69,236,000	71.4	38,552,000	179.6
12/31/04	180,013,000	217,866,000	37,853,000	82.6	39,429,000	96.0



## **Nonmajor Governmental Funds Special Revenue Funds**

Special revenue funds are used for specific revenues that are legally restricted to expenditures for particular purposes.

**Enrichment Fund** - This fund is used to account for donations held for the purpose of enrichment and improvement of City facilities and services.

**Riverfront Development Fund** - This fund accounts for the collection and disbursement of funds from the riverfront gaming activities.

**Police Grants Fund** - This fund accounts for the collection and disbursement of various state and federal grants to the City of Shreveport Police Department.

**Downtown Entertainment Economic Development Fund** - This fund is used to account for incremental sales tax revenues collected from the development area to promote development of the area and associated projects.

**Redevelopment Fund** - This fund is used to acquire and land bank vacant adjudicated property for future redevelopment projects and to acquire other property for current redevelopment projects in redevelopment areas.

**Environmental Grants Fund** - This fund accounts for grants received for Brownfields assessment, cleanup loan fund, job training, and economic development.

## **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Miscellaneous General Obligation Bond Funds** - These funds are used to account for bonds issued for the purpose of constructing and/or improving streets, public safety, drainage systems, waste disposal, parks, an industrial park, and a Sportran maintenance facility.

**Miscellaneous Capital Projects Fund** - This fund is used to account for various projects funded by miscellaneous sources other than general obligation bonds.

**1999 General Obligation Bond Fund** - This fund is used to account for bonds issued for the purpose of constructing and/or improving public safety, parks and recreation, streets, the Riverfront, and drainage systems.

**2001A General Obligation Bond Fund** - This fund is used to account for bonds issued for the purpose of constructing and/or improving public safety, parks and recreation, streets, and drainage systems.

**2003A General Obligation Bond Fund** - This fund is used to account for bonds issued for the purpose of constructing, acquiring, and improving works of neighborhood public improvement, recreation facilities, and police and fire facilities.

**CITY OF SHREVEPORT, LOUISIANA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	Special Revenue Funds						
			Downtown Entertainment Economic Development				
	Enrichment	Riverfront Development	Police Grants	Redevelopment	Environmental Grants	Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 538,777	\$ 3,283,938	\$ --	\$ 9,110	\$ --	\$ 203,151	\$ 4,034,976
Investments	347,224	2,116,388	--	5,871	--	130,924	2,600,407
Accounts receivable, net	--	978,775	--	--	--	--	978,775
Due from other governments	--	--	299,701	--	--	85,425	385,126
Due from other funds	--	--	--	--	--	--	--
Assets held for resale	--	--	--	--	75,335	--	75,335
Total assets	\$ 886,001	\$ 6,379,101	\$ 299,701	\$ 14,981	\$ 75,335	\$ 419,500	\$ 8,074,619
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 35,763	\$ 25,361	\$ 18,476	\$ --	\$ --	\$ 17,349	\$ 96,949
Due to other funds	--	4,571,025	249,027	--	4,449	--	4,824,501
Deferred revenue	--	--	--	--	--	--	--
Total liabilities	35,763	4,596,386	267,503	--	4,449	17,349	4,921,450
Fund balance:							
Reserved for:							
Encumbrances	44,210	93,052	107,573	--	--	44,882	289,717
Assets held for resale	--	--	--	--	75,335	--	75,335
Unreserved:							
Designated for subsequent year's expenditures	806,028	1,689,663	--	14,981	--	357,269	2,867,941
Unreserved, undesignated	--	--	(75,375)	--	(4,449)	--	(79,824)
Total fund balance	850,238	1,782,715	32,198	14,981	70,886	402,151	3,153,169
Total liabilities and fund balance	\$ 886,001	\$ 6,379,101	\$ 299,701	\$ 14,981	\$ 75,335	\$ 419,500	\$ 8,074,619

The accompanying notes are an integral part of the financial statements.

Miscellaneous General Obligation Bond Funds	Miscellaneous Capital Projects Fund	Capital Project Funds			Total	Total Nonmajor Governmental Funds
		1999 General Obligation Bond Fund	2001A General Obligation Bond Fund	2003A General Obligation Bond Fund		
\$ 3,485,500	\$ --	\$ 5,527,374	\$ 2,124,172	\$ 20,987,312	\$ 32,124,358	\$ 36,159,334
2,246,288	1,217,908	3,562,325	10,086,860	13,525,616	30,638,997	33,239,404
16,847	--	--	48,667	65,508	131,022	1,109,797
442,092	680,486	--	--	--	1,122,578	1,507,704
--	2,076,990	11,047,889	--	--	13,124,879	13,124,879
--	--	--	--	--	--	75,335
\$ 6,190,727	\$ 3,975,384	\$ 20,137,588	\$ 12,259,699	\$ 34,578,436	\$ 77,141,834	\$ 85,216,453
\$ 704,173	\$ 498,984	\$ 27,946	\$ 1,288,708	\$ --	\$ 2,519,811	\$ 2,616,760
876,405	634,283	--	--	315,564	1,826,252	6,650,753
15,423	--	--	--	--	15,423	15,423
1,596,001	1,133,267	27,946	1,288,708	315,564	4,361,486	9,282,936
1,720,064	978,641	814,434	4,954,766	--	8,467,905	8,757,622
--	--	--	--	--	--	75,335
2,874,662	1,863,476	19,295,208	6,016,225	34,262,872	64,312,443	67,180,384
--	--	--	--	--	--	(79,824)
4,594,726	2,842,117	20,109,642	10,970,991	34,262,872	72,780,348	75,933,517
\$ 6,190,727	\$ 3,975,384	\$ 20,137,588	\$ 12,259,699	\$ 34,578,436	\$ 77,141,834	\$ 85,216,453

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Special Revenue Funds						Total
	Enrichment	Riverfront Development	Police Grants	Downtown Entertainment Economic Development	Redevelopment	Environmental Grants	
<b>REVENUES</b>							
Intergovernmental	\$ --	\$ --	\$ 1,072,945	\$ --	\$ --	\$ 537,491	\$ 1,610,436
Gaming	--	12,891,549	--	--	--	--	12,891,549
Investment earnings	10,442	77,897	3,331	960	593	2,149	95,372
Miscellaneous	334,337	892,752	3,853	132,592	9,726	--	1,373,260
Total revenues	344,779	13,862,198	1,080,129	133,552	10,319	539,640	15,970,617
<b>EXPENDITURES</b>							
Current:							
General government	--	--	--	--	--	--	--
Public safety	531,021	--	1,698,945	--	--	--	2,229,966
Culture and recreation	49,726	--	--	--	--	--	49,726
Economic development	--	4,197,447	--	--	9,681	137,489	4,344,617
Capital outlay	--	--	--	--	--	--	--
Bond issuance costs	--	--	--	--	--	--	--
Total expenditures	580,747	4,197,447	1,698,945	--	9,681	137,489	6,624,309
Excess (deficiency) of revenues over (under) expenditures	(235,968)	9,664,751	(618,816)	133,552	638	402,151	9,346,308
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	--	--	32,845	--	--	--	32,845
Transfers out	--	(12,865,753)	--	(200,000)	--	--	(13,065,753)
Refunding bonds issued	--	--	--	--	--	--	--
Certificate of indebtedness issued	--	--	--	--	--	--	--
Discount on certificate of indebtedness issued	--	--	--	--	--	--	--
Loan proceeds	--	--	--	--	--	--	--
Total other financing sources and use	--	(12,865,753)	32,845	(200,000)	--	--	(13,032,908)
Net change in fund balances	(235,968)	(3,201,002)	(585,971)	(66,448)	638	402,151	(3,686,600)
Fund balances-beginning	1,086,206	4,983,717	618,169	81,429	70,248	--	6,839,769
Fund balances-ending	\$ 850,238	\$ 1,782,715	\$ 32,198	\$ 14,981	\$ 70,886	\$ 402,151	\$ 3,153,169

The accompanying notes are an integral part of the financial statements.

Miscellaneous General Obligation Bond Funds	Miscellaneous Capital Projects Fund	1999 General Obligation Bond Fund	Capital Project Funds		Total	Total Nonmajor Governmental Funds
			2001A General Obligation Bond Fund	2003A General Obligation Bond Fund		
\$ 3,687,307	\$ 630,635	\$ 52,226	\$ --	\$ --	\$ 4,370,168	\$ 5,980,604
--	--	--	--	--	--	12,891,549
74,386	34,021	217,115	196,858	847,916	1,370,296	1,465,668
54,324	7	--	10,000	--	64,331	1,437,591
3,816,017	664,663	269,341	206,858	847,916	5,804,795	21,775,412
--	--	--	--	1,320,541	1,320,541	1,320,541
--	--	--	--	--	--	2,229,966
--	--	--	--	--	--	49,726
--	--	--	--	--	--	4,344,617
9,308,745	7,988,836	1,321,395	11,848,546	750	30,468,272	30,468,272
--	123,193	--	--	7,775	130,968	130,968
9,308,745	8,112,029	1,321,395	11,848,546	1,329,066	31,919,781	38,544,090
(5,492,728)	(7,447,366)	(1,052,054)	(11,641,688)	(481,150)	(26,114,986)	(16,768,678)
4,447,078	1,728,845	1,675,643	4,269,364	--	12,120,930	12,153,775
(1,798,316)	(4,339)	(3,473,690)	(1,117,580)	(3,781,971)	(10,175,896)	(23,241,649)
49,557	--	--	--	--	49,557	49,557
--	5,375,000	--	--	--	5,375,000	5,375,000
--	(53,910)	--	--	--	(53,910)	(53,910)
--	1,295,025	--	--	--	1,295,025	1,295,025
2,698,319	8,340,621	(1,798,047)	3,151,784	(3,781,971)	8,610,706	(4,422,202)
(2,794,409)	893,255	(2,850,101)	(8,489,904)	(4,263,121)	(17,504,280)	(21,190,880)
7,389,135	1,948,862	22,959,743	19,460,895	38,525,993	90,284,628	97,124,397
\$ 4,594,726	\$ 2,842,117	\$ 20,109,642	\$ 10,970,991	\$ 34,262,872	\$ 72,780,348	\$ 75,933,517

**CITY OF SHREVEPORT, LOUISIANA**  
**RIVERFRONT DEVELOPMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 160,000	\$ 160,000	\$ 77,897	\$ (82,103)
Gaming	14,550,000	13,750,000	12,891,549	(858,451)
Miscellaneous	855,000	855,000	892,752	37,752
Total revenues	<u>15,565,000</u>	<u>14,765,000</u>	<u>13,862,198</u>	<u>(902,802)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development:				
Salaries, wages and employee benefits	273,900	273,900	261,358	12,542
Materials and supplies	2,800	2,800	2,028	772
Contractual services	842,427	1,102,427	957,462	144,965
Other charges	2,880,755	3,080,755	3,069,651	11,104
Total expenditures	<u>3,999,882</u>	<u>4,459,882</u>	<u>4,290,499</u>	<u>169,383</u>
Excess of revenues over expenditures	11,565,118	10,305,118	9,571,699	(733,419)
<b>OTHER FINANCING USES</b>				
Transfers out	(12,949,000)	(12,999,000)	(12,865,753)	133,247
Total other financing uses	<u>(12,949,000)</u>	<u>(12,999,000)</u>	<u>(12,865,753)</u>	<u>133,247</u>
Net change in fund balance	(1,383,882)	(2,693,882)	(3,294,054)	(600,172)
Fund balances -beginning	4,983,717	4,983,717	4,983,717	--
Fund balances ending	\$ 3,599,835	\$ 2,289,835	\$ 1,689,663	\$ (600,172)
Net change in fund balance (Budget basis)			\$ (3,294,054)	
Adjustments:				
Encumbrances			93,052	
Net change in fund balance (GAAP basis)			\$ (3,201,002)	

The accompanying notes are an integral part of the financial statements.

### **Nonmajor Enterprise Funds**

Enterprise funds are used to account for the acquisition, operation, and maintenance of facilities and services which are entirely or predominantly self-supported by user charges. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

**Shreveport Area Transit System** - This fund accounts for the activities necessary to provide bus service for the residents of the City.

**Golf** - This fund is used to account for the operations of the City's three golf courses. The fund's operations are financed by greens fees, golf equipment rentals, merchandise sales, memberships, and concession sales to the public.

**Downtown Parking Fund** - This fund is used to account for parking revenues to promote improved parking facilities in the downtown area.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2004**

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 279,268	\$ 97,904	\$ 582,854	\$ 960,026
Investments	179,979	63,096	375,629	618,704
Receivables, net	134,247	407	--	134,654
Due from other funds	660,766	--	--	660,766
Due from other governments	331,667	--	--	331,667
Inventories	304,253	15,970	--	320,223
Prepaid items	165,675	--	--	165,675
Total current assets	2,055,855	177,377	958,483	3,191,715
Noncurrent Assets:				
Capital Assets:				
Land	1,940,408	--	--	1,940,408
Buildings	8,291,010	268,840	--	8,559,850
Improvements other than buildings	--	868,530	--	868,530
Equipment	13,260,818	393,175	--	13,653,993
Less accumulated depreciation	(10,259,933)	(633,171)	--	(10,893,104)
Total noncurrent assets	13,232,303	897,374	--	14,129,677
Total assets	15,288,158	1,074,751	958,483	17,321,392
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	115,568	9,697	--	125,265
Accrued liabilities	631,218	13,663	--	644,881
Due to component unit	--	--	34,000	34,000
Deferred revenue	--	41,396	--	41,396
Compensated absences	195,664	16,673	--	212,337
Total current liabilities	942,450	81,429	34,000	1,057,879
Noncurrent Liabilities:				
Compensated absences	--	42,984	--	42,984
Total noncurrent liabilities	--	42,984	--	42,984
Total liabilities	942,450	124,413	34,000	1,100,863
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	13,232,303	897,374	--	14,129,677
Unrestricted	1,113,405	52,964	924,483	2,090,852
Total Net Assets	\$ 14,345,708	\$ 950,338	\$ 924,483	\$ 16,220,529

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,937,453	\$ 973,048	\$ 598,239	\$ 3,508,740
Miscellaneous	31,109	16,241	--	47,350
Total operating revenues	<u>1,968,562</u>	<u>989,289</u>	<u>598,239</u>	<u>3,556,090</u>
<b>OPERATING EXPENSES</b>				
Personal services	5,424,773	794,358	--	6,219,131
Contractual services and other expenses	1,734,861	231,228	433,000	2,399,089
Utilities	98,798	72,202	--	171,000
Repairs and maintenance	30,257	6,455	--	36,712
Materials and supplies	1,437,067	165,080	--	1,602,147
Depreciation	1,001,670	65,287	--	1,066,957
Total operating expenses	<u>9,727,426</u>	<u>1,334,610</u>	<u>433,000</u>	<u>11,495,036</u>
Operating income (loss)	<u>(7,758,864)</u>	<u>(345,321)</u>	<u>165,239</u>	<u>(7,938,946)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	--	728	8,730	9,458
Intergovernmental	2,530,859	--	--	2,530,859
Loss on disposal of capital assets	(1,395)	--	--	(1,395)
Total nonoperating revenues (expenses)	<u>2,529,464</u>	<u>728</u>	<u>8,730</u>	<u>2,538,922</u>
Income (loss) before contributions and transfers	<u>(5,229,400)</u>	<u>(344,593)</u>	<u>173,969</u>	<u>(5,400,024)</u>
Capital contributions	356,151	319,862	--	676,013
Transfers in	4,251,779	336,600	--	4,588,379
Change in net assets	(621,470)	311,869	173,969	(135,632)
Total net assets-beginning	14,967,178	638,469	750,514	16,356,161
Total net assets-ending	<u>\$ 14,345,708</u>	<u>\$ 950,338</u>	<u>\$ 924,483</u>	<u>\$ 16,220,529</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities:</b>				
Receipts from operations	\$ 1,991,091	\$ 970,887	\$ 598,239	\$ 3,560,217
Payments to suppliers	(3,463,388)	(394,879)	(432,334)	(4,290,601)
Payments to employees	(5,379,199)	(787,984)	--	(6,167,183)
Other receipts	31,109	--	--	31,109
Other payments	--	(85,000)	--	(85,000)
Net cash provided by (used in) operating activities	<u>(6,820,387)</u>	<u>(296,976)</u>	<u>165,905</u>	<u>(6,951,458)</u>
<b>Cash flows from noncapital financing activities:</b>				
Subsidy from federal grant	2,563,335	--	--	2,563,335
Transfers in	4,151,779	336,600	--	4,488,379
Net cash provided by noncapital financing activities	<u>6,715,114</u>	<u>336,600</u>	<u>--</u>	<u>7,051,714</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(129,952)	--	--	(129,952)
Capital grants	418,446	--	--	418,446
Transfers in	100,000	--	--	100,000
Contributed capital returned to others	(101,300)	--	--	(101,300)
Net cash provided by capital and related financing activities	<u>287,194</u>	<u>--</u>	<u>--</u>	<u>287,194</u>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(134,554)	--	--	(134,554)
Proceeds from sale and maturity of investments	--	10,902	119,919	130,821
Interest	--	752	8,730	9,482
Net cash provided by (used in) investing activities	<u>(134,554)</u>	<u>11,654</u>	<u>128,649</u>	<u>5,749</u>
Net increase in cash and cash equivalents	47,367	51,278	294,554	393,199
Cash and cash equivalents - beginning of year	231,901	46,626	288,300	566,827
Cash and cash equivalents - end of year	\$ 279,268	\$ 97,904	\$ 582,854	\$ 960,026

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (7,758,864)	\$ (345,321)	\$ 165,239	\$ (7,938,946)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,001,670	65,287	--	1,066,957
(Increase)Decrease in assets:				
Receivables	36,110	(326)	--	35,784
Due from other funds	17,128	--	--	17,128
Inventories	(63,936)	(4,105)	--	(68,041)
Prepaid items	(43,416)	--	--	(43,416)
Increase(Decrease) in liabilities:				
Accounts payable	(60,999)	(809)	666	(61,142)
Accrued liabilities	35,915	27	--	35,942
Deferred revenue	--	(15,803)	--	(15,803)
Compensated absences	16,005	4,074	--	20,079
Total adjustments	938,477	48,345	666	987,488
Net cash provided by (used in) operating activities	\$ (6,820,387)	\$ (296,976)	\$ 165,905	\$ (6,951,458)
<b>Non-cash investing, capital and financing activities:</b>				
Shreveport Area Transit had a loss on disposal of capital assets in the amount of \$1,395.				
The Golf Fund had noncash capital assets contributions from other City Funds in the amount of \$319,862.				

The accompanying notes are an integral part of the financial statements.



## **Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, and to other government, on a cost reimbursement basis.

**Employees Health Care Fund** - This fund is used to account for medical and dental care claims by the employees.

**Retained Risk Fund** - This fund is used to account for self-insurance activities involving property damage, worker's compensation and general liability claims.

**Fleet Services Fund** - This fund is used to account for maintenance of the City's fleet with the exception of Fire, Sportran, and Airport.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2004**

	<u>Employees Health Care</u>	<u>Retained Risk</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 6,596,141	\$ 7,548,429	\$ --	\$ 14,144,570
Investments	--	4,864,709		4,864,709
Receivables, net	1,786,378	--	--	1,786,378
Due from other funds	--	5,823,067	--	5,823,067
Inventories	--	--	260,720	260,720
Prepaid items	--	751,057	--	751,057
Total current assets	<u>8,382,519</u>	<u>18,987,262</u>	<u>260,720</u>	<u>27,630,501</u>
Noncurrent Assets:				
Capital Assets:				
Land	--	--	62,000	62,000
Buildings	--	--	913,088	913,088
Equipment	--	15,044	586,465	601,509
Less accumulated depreciation	--	(11,793)	(994,185)	(1,005,978)
Total noncurrent assets	<u>--</u>	<u>3,251</u>	<u>567,368</u>	<u>570,619</u>
Total assets	<u>8,382,519</u>	<u>18,990,513</u>	<u>828,088</u>	<u>28,201,120</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	--	99,499	17,233	116,732
Due to other funds	1,776,276	5,680,099	329,884	7,786,259
Compensated absences	--	2,156	12,762	14,918
Claims and judgments	3,554,470	7,535,296	--	11,089,766
Total current liabilities	<u>5,330,746</u>	<u>13,317,050</u>	<u>359,879</u>	<u>19,007,675</u>
Noncurrent Liabilities:				
Compensated absences	--	7,298	61,755	69,053
Total noncurrent liabilities	<u>--</u>	<u>7,298</u>	<u>61,755</u>	<u>69,053</u>
Total liabilities	<u>5,330,746</u>	<u>13,324,348</u>	<u>421,634</u>	<u>19,076,728</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	--	3,251	567,368	570,619
Unrestricted (deficit)	3,051,773	5,662,914	(160,914)	8,553,773
Total net assets	<u>\$ 3,051,773</u>	<u>\$ 5,666,165</u>	<u>\$ 406,454</u>	<u>\$ 9,124,392</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Employees Health Care</u>	<u>Retained Risk</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 18,942,411	\$ 11,459,013	\$ 3,329,117	\$ 33,730,541
Miscellaneous	140,161	522,621	15,204	677,986
Total operating revenues	<u>19,082,572</u>	<u>11,981,634</u>	<u>3,344,321</u>	<u>34,408,527</u>
<b>OPERATING EXPENSES</b>				
Personal services	57,522	220,672	1,317,901	1,596,095
Contractual services and other expenses	1,690,370	1,927,093	165,810	3,783,273
Utilities	--	--	43,409	43,409
Repairs and maintenance	--	--	854,935	854,935
Materials and supplies	4,365	4,472	937,120	945,957
Claims	16,467,982	9,302,144	--	25,770,126
Depreciation	--	85	66,333	66,418
Total operating expenses	<u>18,220,239</u>	<u>11,454,466</u>	<u>3,385,508</u>	<u>33,060,213</u>
Operating income (loss)	<u>862,333</u>	<u>527,168</u>	<u>(41,187)</u>	<u>1,348,314</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	27,807	143,128	--	170,935
Interest expense	--	--	(2,384)	(2,384)
Total nonoperating revenues (expenses)	<u>27,807</u>	<u>143,128</u>	<u>(2,384)</u>	<u>168,551</u>
Income (loss) before transfers	890,140	670,296	(43,571)	1,516,865
Transfers out	--	(5,680,099)	--	(5,680,099)
Change in net assets	890,140	(5,009,803)	(43,571)	(4,163,234)
Total net assets-beginning	2,161,633	10,675,968	450,025	13,287,626
Total net assets-ending	<u>\$ 3,051,773</u>	<u>\$ 5,666,165</u>	<u>\$ 406,454</u>	<u>\$ 9,124,392</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
<b>Cash flows from operating activities:</b>				
Receipts from operations	\$ 18,807,812	\$ 15,101,625	\$ 3,344,321	\$ 37,253,758
Payments to suppliers	(2,001,980)	(2,453,956)	(2,005,822)	(6,461,758)
Payments to employees	(57,522)	(224,476)	(1,319,782)	(1,601,780)
Claims	(17,352,247)	(9,305,592)	--	(26,657,839)
Net cash provided by (used in) operating activities	(603,937)	3,117,601	18,717	2,532,381
<b>Cash flows from noncapital financing activities:</b>				
Transfer out	--	(5,680,099)	--	(5,680,099)
Interest paid on operations	--	--	(2,384)	(2,384)
Net cash used in noncapital financing activities	--	(5,680,099)	(2,384)	(5,682,483)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	--	--	(16,333)	(16,333)
Net cash used in capital and related financing activities	--	--	(16,333)	(16,333)
<b>Cash flows from investing activities:</b>				
Proceeds from sale and maturity of investments	--	4,512,403	--	4,512,403
Interest on investments	20,809	143,128	--	163,937
Net cash provided by investing activities	20,809	4,655,531	--	4,676,340
Net increase(decrease) in cash and cash equivalents	(583,128)	2,093,033	--	1,509,905
Cash and cash equivalents - beginning of year	7,179,269	5,455,396	--	12,634,665
Cash and cash equivalents - end of year	\$ 6,596,141	\$ 7,548,429	\$ --	\$ 14,144,570

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 862,333	\$ 527,168	\$ (41,187)	\$ 1,348,314
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	--	85	66,333	66,418
(Increase)Decrease in assets:				
Receivables	(274,760)	--	--	(274,760)
Due from other funds	--	(2,560,108)	--	(2,560,108)
Inventories	--	--	(69,437)	(69,437)
Prepaid items	--	(502,250)	--	(502,250)
Increase(Decrease) in liabilities:				
Accounts payable	(14)	(20,141)	(39,642)	(59,797)
Accrued liabilities	(884,265)	(3,448)	--	(887,713)
Due to other funds	(307,231)	5,680,099	104,531	5,477,399
Compensated absences	--	(3,804)	(1,881)	(5,685)
Total adjustments	(1,466,270)	2,590,433	59,904	1,184,067
Net cash provided by (used in) operating activities	\$ (603,937)	\$ 3,117,601	\$ 18,717	\$ 2,532,381

The accompanying notes are an integral part of the financial statements.



**Fiduciary Funds**  
**Pension Trust Funds**

**Firemen's Pension and Relief Fund** - This fund is used to account for a single-employer defined benefit pension plan that temporarily covers firefighters who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan.

**Policemen's Pension and Relief Fund** - This fund is used to account for a single-employer defined benefit pension plan that temporarily covers policemen who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan.

**Employees' Retirement System** - This fund is used to account for a cost-sharing multiple-employer defined benefit pension plan that covers all full-time classified employees of the City and other board recommended organizations other than policemen and firemen. Appointed officials also have the option to join the plan.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Firemen's Pension and Relief</u>	<u>Policemen's Pension and Relief</u>	<u>Employees' Retirement System</u>	<u>Total Employee Retirement Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ --	\$ 142,100	\$ 111,142,447	\$ 11,284,547
Receivables:				
Interest receivable	40,589	19,866	542,305	602,760
Accounts receivable	--	18,705	5,072	23,777
Due from other funds	204,756	151,561	--	356,317
Prepaid items	322,016	282,786	--	604,802
Investments, at fair value:				
U.S. government securities	1,566,656	760,923	16,777,883	19,105,462
Mutual funds	3,000,527	2,463,360	--	5,463,887
Domestic corporate bonds	1,500,669	735,290	53,075,412	55,311,371
Domestic common stock	--	--	103,072,938	103,072,938
Total investments	<u>6,067,852</u>	<u>3,959,573</u>	<u>172,926,233</u>	<u>182,953,658</u>
Other assets:				
Cash surrender value of life insurance policies	<u>4,267,070</u>	<u>3,891,202</u>	<u>--</u>	<u>8,158,272</u>
Total assets	<u>10,902,283</u>	<u>8,465,793</u>	<u>184,616,057</u>	<u>203,984,133</u>
<b>LIABILITIES</b>				
Accrued liabilities	--	--	67,764	67,764
Due to other funds	253,639	--	2,818,450	3,072,089
Employees' deposits held in escrow	--	--	1,716,494	1,716,494
Total liabilities	<u>253,639</u>	<u>--</u>	<u>4,602,708</u>	<u>4,856,347</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	\$ <u>10,648,644</u>	\$ <u>8,465,793</u>	\$ <u>180,013,349</u>	\$ <u>199,127,786</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Firemen's Pension and Relief</u>	<u>Policemen's Pension and Relief</u>	<u>Employees' Retirement System</u>	<u>Total Employee Retirement Funds</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 1,228,535	\$ 1,235,533	\$ 3,613,963	\$ 6,078,031
Plan members	--	--	2,000,458	2,000,458
Total contributions	<u>1,228,535</u>	<u>1,235,533</u>	<u>5,614,421</u>	<u>8,078,489</u>
Investment earnings:				
Net appreciation in fair value of investments	197,987	151,412	10,056,173	10,405,572
Interest	615	5,048	3,396,419	3,402,082
Dividends	<u>190,924</u>	<u>117,815</u>	<u>1,798,176</u>	<u>2,106,915</u>
Total investment income	389,526	274,275	15,250,768	15,914,569
Less investment expense	<u>13,027</u>	<u>13,020</u>	<u>1,055,156</u>	<u>1,081,203</u>
Net investment income	376,499	261,255	14,195,612	14,833,366
Miscellaneous	<u>210,000</u>	<u>220,000</u>	<u>6,106</u>	<u>436,106</u>
Total additions	1,815,034	1,716,788	19,816,139	23,347,961
<b>DEDUCTIONS</b>				
Pensions	957,315	779,550	11,498,525	13,235,390
Refund of member contribution	--	--	876,705	876,705
Administrative expenses	18,418	18,616	178,245	215,279
Life insurance	<u>237,463</u>	<u>136,967</u>	<u>--</u>	<u>374,430</u>
Total deductions	<u>1,213,196</u>	<u>935,133</u>	<u>12,553,475</u>	<u>14,701,804</u>
Change in net assets	601,838	781,655	7,262,664	8,646,157
Net assets - beginning	<u>10,046,806</u>	<u>7,684,138</u>	<u>172,750,685</u>	<u>190,481,629</u>
Net assets - ending	<u>\$ 10,648,644</u>	<u>\$ 8,465,793</u>	<u>\$ 180,013,349</u>	<u>\$ 199,127,786</u>

The accompanying notes are an integral part of the financial statements.



### **Discretely Presented Component Unit**

This special revenue fund accounts for receipts and disbursements which occur in conjunction with coordinating City planning, preparing and enforcing zoning laws, and keeping City annexation policies current.

**CITY OF SHREVEPORT, LOUISIANA  
METROPOLITAN PLANNING COMMISSION  
BALANCE SHEET  
DECEMBER 31, 2004**

**ASSETS**

Cash and cash equivalents	\$	52,893
Due from other governments		38,750
Total assets	\$	<u>91,643</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	\$	1,423
Due to primary government		38,750
Due to other governments		51,470
Total liabilities		<u>91,643</u>

Fund balance:

Reserved for encumbrances		602
Unreserved, undesignated		<u>(602)</u>
Total fund balance		<u>—</u>

Amounts reported for the Metropolitan Planning Commission in the Statement of Net Assets for component units are different because:

Capital assets reported in governmental activities are not financial assets and, therefore, are not reported in governmental funds.		<u>936,350</u>
-------------------------------------------------------------------------------------------------------------------------------------	--	----------------

Net assets	\$	<u><u>936,350</u></u>
------------	----	-----------------------

The accompanying notes are an integral part of the financial statements.

**CITY OF SHREVEPORT, LOUISIANA  
METROPOLITAN PLANNING COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>REVENUES</b>		
Intergovernmental		\$ 155,000
Miscellaneous		142,396
Total revenues		<u>297,396</u>
<b>EXPENDITURES</b>		
General government		<u>1,122,614</u>
Total expenditures		<u>1,122,614</u>
Deficiency of revenues under expenditures		(825,218)
<b>OTHER FINANCING SOURCES</b>		
Payment from City of Shreveport		<u>825,218</u>
Net change in fund balance		--
Fund balance - beginning		<u>--</u>
Fund balance - ending		--
<p>Amounts reported for the Metropolitan Planning Commission in the Statement of Activities for component units are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		<u>(55,755)</u>
Change in net assets		\$ <u>(55,755)</u>

The accompanying notes are an integral part of the financial statements.



### **Statistical Section**

This section, which is composed of accounting and non-accounting data, is presented in order to provide the reader with additional information as an aid to understanding the financial activities of the City. Many of these tables present data from outside the accounting records; therefore, the Statistical Section data has not been subjected to independent audit.

CITY OF SHREVEPORT, LOUISIANA  
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year Ended	General Government	Public Safety	Public Works	Health and Welfare	Cultural and Recreation
1995	\$30,888,942	\$51,541,031	\$25,988,243	\$359,734	\$10,029,829
1996	26,545,711	55,035,600	25,579,678	419,927	10,472,199
1997	26,236,171	59,057,314	25,059,130	191,991	9,545,451
1998	29,394,166	57,472,321	24,683,745	390,998	9,968,862
1999	29,851,439	62,695,370	24,008,583	411,809	10,785,474
2000	31,160,204 (2)	60,899,205	27,090,411 (3)	674,884	10,606,983
2001	26,846,543	63,779,843	27,155,205	493,450	11,475,437
2002	24,673,122	68,731,189	28,580,522	483,659	11,350,929
2003	27,464,094	72,337,147	25,992,785	359,725	10,780,702
2004	31,751,505	82,694,307	33,005,430	293,575	11,096,644

(1) Includes general, special revenue, and debt service funds.

(2) Beginning in 2000, general government expenditures for component units are reported as payments to component units and included within total expenditures rather than transfers.

(3) Beginning in 2000, Highways and Streets and Sanitation were combined for reporting as Public Works.

(4) Beginning in 2000, these expenditures are recorded as transfers to the appropriate capital project funds where the expenditures are incurred.

Unaudited - see accompanying independent auditor's report.

<u>Community Development and Housing</u>	<u>Economic Development</u>	<u>Economic Opportunity</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$3,598,589	\$2,267,197	\$3,366,535	\$2,295,908	\$21,350,303	\$151,686,311
2,226,544	1,488,155	3,131,617	3,149,422	20,403,603	148,452,456
3,285,455	1,744,973	3,269,045	353,402	25,752,678	154,495,610
4,483,770	3,831,019	3,361,290	361,857	85,487,894	219,435,922
5,549,549	4,616,895	3,773,472	1,907,644	29,892,194	173,492,429
5,460,123	3,328,001	2,220,321	-- (4)	39,513,016	180,953,148
8,883,571	3,558,794	2,749,050	--	43,115,634	188,057,527
3,851,432	4,703,913	3,481,716	--	42,912,202	188,768,684
5,141,498	4,770,448	2,940,163	--	44,440,597	194,227,159
4,814,883	5,073,823	4,596,238	--	44,975,080	218,301,485

CITY OF SHREVEPORT, LOUISIANA  
 GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year Ended	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Special Assessments	Investment Earnings	Gaming	Miscellaneous	Total
1995	\$106,051,704	\$5,704,505	\$16,400,266	\$17,924,530	\$3,343,529	\$15,779	\$2,800,754	\$6,436,562	\$1,816,735	\$160,494,364
1996	110,678,268	5,845,122	15,855,784	19,522,631	3,188,108	15,929	2,976,514	6,687,003	2,281,265	167,050,624
1997	111,357,774	6,059,329	15,565,742	15,318,550	3,699,970	--	3,245,900	7,420,610	1,504,626	164,172,501
1998	116,672,572	6,394,715	18,583,726	14,310,216	3,601,167	--	2,748,622	6,779,360	1,901,397	170,991,775
1999	120,416,777	6,648,966	21,508,762	13,327,285	3,074,359	--	3,406,274	7,300,677	2,224,224	177,907,324
2000	126,601,642	6,327,862	17,893,576	16,321,194 (2)	2,888,110	--	2,089,551 (2)	7,209,309	4,429,481 (2)	183,760,725
2001	130,797,660	6,590,052	22,091,919	15,308,068	3,051,065	--	2,642,465	14,819,542	3,111,809	198,412,580
2002	129,350,141	7,024,635	17,113,156	16,481,825	2,533,660	--	1,265,879	15,052,411	4,156,019	192,977,726
2003	138,588,656	6,905,770	17,133,233	17,706,972	2,839,434	--	631,251	13,754,595	5,426,717	202,986,628
2004	144,861,587	7,600,397	20,802,013	19,241,503	2,799,844	--	465,743	12,891,549	3,428,865	212,091,501

(1) Includes general, special revenue, and debt service funds.

(2) Beginning in 2000, investment earnings are reported as a separate amount. Previously, they were combined with property revenues which have been reclassified to charges for services or miscellaneous.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
GENERAL FUND EXPENDITURES BY FUNCTION  
FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year Ended	General Government	Public Safety	Public Works	Cultural and Recreation	Total
1995	\$27,319,896	\$53,197,365	\$25,988,243	\$9,816,436	\$116,321,940
1996	24,014,575	53,172,987	25,579,678	10,366,928	113,134,168
1997	23,758,250	56,553,595	25,059,130	9,503,975	114,874,950
1998	26,966,957	53,632,769	24,683,745	9,727,748	115,011,219
1999	27,166,380	60,206,574	24,008,583	10,633,296	122,014,833
2000	29,514,391 (1)	59,596,830	27,090,411 (2)	10,470,289	126,671,921
2001	24,663,594	61,812,341	27,155,205	11,026,051	124,657,191
2002	22,754,069	67,196,188	28,580,522	11,242,651	129,773,430
2003	25,407,052	70,238,220	25,992,785	10,707,704	132,345,761
2004	29,464,878	80,464,341	33,005,430	11,020,022	153,954,671

(1) Beginning in 2000, general government expenditures for component units are reported as payments to component units and included within total expenditures rather than transfers.

(2) Beginning in 2000, Highways and Streets and Sanitation were combined for reporting as Public Works.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 GENERAL FUND REVENUES BY SOURCE  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year Ended	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Investment Earnings	Miscellaneous	Total
1995	\$83,915,635	\$5,704,505	\$6,676,620	\$17,924,530	\$3,343,529	\$1,447,980	\$ 608,766	\$119,621,565
1996	87,089,172	5,845,122	7,139,002	19,522,631	3,188,108	1,476,357	901,157	125,161,549
1997	86,906,893	4,946,273	6,637,193	15,318,550	3,471,593	1,508,664	568,220	119,357,386
1998	91,475,997	5,104,946	7,189,281	14,310,216	3,387,230	1,117,822	903,763	123,489,255
1999	94,800,813	5,126,826	6,906,424	13,327,285	3,051,963	1,757,901	709,233	125,680,445
2000	100,315,139	6,327,862	7,416,165	16,130,584 (1)	2,888,110	51,367 (1)	1,740,629 (1)	134,869,856
2001	102,141,144	6,590,052	8,066,389	15,286,721	3,051,065	151,096	644,528	135,930,995
2002	101,629,039	7,024,635	6,352,485	16,298,248	2,533,660	26,346	668,050	134,532,463
2003	109,517,641	6,905,770	6,907,773	17,475,471	2,839,434	111,196	1,006,544	144,763,829
2004	115,373,293	7,600,397	8,361,842	19,012,947	2,799,844	59,178	1,342,457	154,549,958

(1) Beginning in 2000, investment earnings are reported as a separate amount. Previously they were combined with property revenues which are now classified as charges for services or miscellaneous.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
GENERAL FUND TAX REVENUES BY SOURCE  
FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year Ended	Property Taxes	Sales Taxes	Franchise Taxes	Total
1995	\$16,470,366	\$62,230,417	\$5,214,852	\$83,915,635
1996	16,604,762	65,023,983	5,460,427	87,089,172
1997	17,230,847	63,815,812	5,860,234	86,906,893
1998	17,828,743	67,778,596	5,868,658	91,475,997
1999	17,832,604	71,113,334	5,854,875	94,800,813
2000	18,195,958	75,548,503	6,570,678	100,315,139
2001	19,572,536	75,481,654	7,086,954	102,141,144
2002	19,305,868	75,971,486	6,351,685	101,629,039
2003	20,315,853	82,343,007 (1)	6,858,781	109,517,641
2004	20,537,534	87,911,418	6,924,341	115,373,293

(1) In 2003 there was a .25% sales tax rate increase.

Unaudited-see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
PROPERTY TAX LEVIES AND COLLECTIONS  
FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected	Ratio of Total Collections to Tax Levy
1995	\$39,316,657	\$37,490,472	95.4 %	\$1,090,247	\$38,580,719	98.1
1996	40,902,242	39,050,781	95.5	967,813	40,018,594	97.8
1997	42,905,989	40,262,770	93.8	1,333,580	41,596,350	97.0
1998	44,133,525	41,287,397	93.6	1,548,176	42,835,573	97.1
1999	44,113,404	41,473,342	94.0	1,749,617	43,222,959	98.0
2000	45,926,818	42,274,894	92.0	1,929,137	44,204,031	96.2
2001	48,082,314	45,329,072	94.3	2,791,121	48,120,193	100.1
2002	48,563,087	44,998,072	92.7	1,672,882	46,670,954	96.1
2003	49,501,452	46,393,756	93.7	2,478,684	48,872,440	98.7
2004	51,569,430	47,480,013 (1)	92.1	3,313,047	50,793,060	98.5

(1) Current collections through February 28, 2005. Taxes collected after 60 days from the year-end are recorded in the prior year's delinquent tax column. Collections for 2004 will continue until November, 2005 when 2005 taxes are billed.

Unaudited - see accompanying independent auditor's report.

**CITY OF SHREVEPORT, LOUISIANA  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004**

Fiscal Year	Assessed Value	Estimated Actual Value	Ratio Assessed Value to Estimated Actual Value
1995	\$763,224,730	\$6,430,617,133	11.9
1996	792,161,740	6,659,115,987	11.9
1997	832,135,880	6,943,578,693	12.0
1998	854,888,230	7,126,400,840	12.0
1999	855,952,380	7,143,817,833	12.0
2000	898,928,580	7,527,501,313	11.9
2001	937,275,970	7,888,214,320	11.9
2002	946,647,780	8,137,515,920	11.8
2003	964,939,480	8,253,848,820	11.7
2004	1,105,690,930 (1)	9,637,710,013	11.5

Note:

Assessed values are established by the Caddo Parish Tax Assessor on January 1 of each year at approximately 10-25% of assumed market value. A revaluation of all property is required to be completed no less than every 4 years. The last revaluation was completed for the roll of January 1, 2004. The next revaluation will be completed as of January 1, 2008 for the 2008 tax roll.

(1) Included in the total assessed value of property within the City is \$8,808,680 of assessed value which has been adjudicated to Caddo Parish.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
SUMMARY OF AD VALOREM TAX MILLAGE RATES  
(TAX RATE PER \$1,000 ASSESSED VALUE)  
FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Debt Service (1)	\$27.82	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$29.67
General Alimony (2)	10.99	12.13	12.13	12.13	12.13	12.32	12.32	12.32	12.32	12.65
Police Three-Platoon System (2)	1.57	1.73	1.73	1.73	1.73	1.76	1.76	1.76	1.76	1.81
Police and Fire Uniforms & Equipment (3)	1.19	1.31	1.31	1.31	1.31	1.33	1.33	1.33	1.33	1.37
Salary & Wage Schedule (3)	1.19	1.31	1.31	1.31	1.31	1.33	1.33	1.33	1.33	1.37
Street Improvements (3)	1.19	1.31	1.31	1.31	1.31	1.33	1.33	1.33	1.33	1.37
Employee Benefits (3)	1.80	1.99	1.99	1.99	1.99	2.02	2.02	2.02	2.02	2.07
Parks & Recreational Facilities (3)	.89	.98	.98	.98	.98	1.00	1.00	1.00	1.00	1.03
<b>Total</b>	<b>\$46.64</b>	<b>\$51.30</b>	<b>\$51.30</b>	<b>\$51.30</b>	<b>\$51.30</b>	<b>\$51.63</b>	<b>\$51.63</b>	<b>\$51.63</b>	<b>\$51.63</b>	<b>\$51.34</b>

- (1) Political subdivisions in Louisiana are required to levy taxes without limitation at such rates as may be necessary to service general obligation bonds.
- (2) City Council is authorized by Louisiana Constitution to levy, after public hearing by a two-thirds affirmative vote, a millage rate of up to, but not in excess of:
  - (a) 12.65 mills for General Alimony
  - (b) 1.81 mills for Police Three-Platoon System
- (3) Special millage approved by referendum and must be reapproved by referendum every 5 years. (Last submitted and approved on April 5, 2003).

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year	Tax Rates (In Dollars Per \$1000 of Assessed Value)			Tax Levies				
	City	School	Parish	Total	City	School	Parish	Total
1995	\$51.34	\$54.58	\$38.22	\$144.14	\$39,316,657	\$37,640,523	\$26,786,334	\$103,743,514
1996	51.63	53.31	41.90	146.84	40,902,242	38,451,509	30,349,226	109,702,977
1997	51.63	85.08	41.87	178.58	42,905,989	64,868,734	31,501,056	139,275,779
1998	51.63	84.48	41.17	177.28	44,133,525	65,806,519	32,541,850	142,481,894
1999	51.63	83.98	41.17	176.78	44,113,404	67,072,869	33,168,880	144,355,153
2000	51.30	85.63	38.95	175.88	45,926,818	71,757,465	32,769,190	150,453,473
2001	51.30	86.03	40.16	177.49	48,082,314	73,467,609	33,930,780	155,480,703
2002	51.30	87.27	40.40	178.97	48,563,087	74,564,826	35,126,303	158,254,216
2003	51.30	87.27	40.40	178.97	49,501,452	78,038,546	36,795,519	164,335,517
2004	46.64	87.27	36.58	170.49	51,569,430	78,038,546	38,611,408	168,219,384

Note: Property was revalued January 1, 2004.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 PRINCIPAL TAXPAYERS  
 DECEMBER 31, 2004

Name	<u>Assessed Value</u>	<u>Tax Amount</u>	<u>Percentage of Assessed Value to Total Assessment</u>
1. AEP Southwestern Electric Power Company	\$41,006,680	\$2,103,643	3.7%
2. BellSouth	23,667,250	1,214,130	2.5
3. Harrah's	20,974,930	1,076,014	2.2
4. Hibernia National Bank	13,718,760	703,772	1.4
5. AMSouth Bank	11,384,470	584,023	1.2
6. Bank One	9,348,060	479,555	.8
7. Wal-Mart	8,652,320	443,864	.5
8. Calumet Lubricants	5,586,170	286,571	.6
9. Centerpoint Energy Arkla	5,516,990	283,022	.6
10. Libbey Glass	<u>5,281,550</u>	<u>270,944</u>	.5
Total amount for ten principal taxpayers	145,137,180	7,445,538	13.1
Total for remaining taxpayers	<u>960,553,750</u>	<u>44,123,892</u>	<u>86.9</u>
Total amount for all taxpayers	<u>\$1,105,690,930</u>	<u>\$51,569,430</u>	<u>100.0%</u>

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year	Amount of Installment Assessments Due	Total Revenue Collected	Percentage of Revenue To Assessments Due
1995	\$26,034	\$58,564	225.0%
1996	20,009	33,034	165.1
1997	2,800	19,758	705.6
1998	2,667	7,170	268.8
1999	2,533	12,167	480.3
2000	2,133	14,111	662.6
2001	2,267	32,562	1,436.3
2002	6,238	9,236	148.1
2003	7,732	3,573	46.2
2004	12,502	4,193	33.5

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2004

	Street Improvements	Police and Fire	Water and Sewer Improvements	Parks and Recreation	Public Buildings	Drainage	Sanitation and Incinerator	Industrial Bond	Airports	Sportran	Riverfront Park
Assessed value \$1,105,690,930(1)											
Debt limit - 10% of assessed value for any one purpose (2)	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093	\$ 110,569,093
Deduct - Amount of debt applicable to debt limit	94,886,102	29,842,617	30,584	17,491,045	75,414,267	50,322,717	39,358	4,512	19,365	578,122	4,101,113
Legal debt margin	<u>\$ 15,682,991</u>	<u>\$ 80,726,476</u>	<u>\$ 110,538,509</u>	<u>\$ 93,078,048</u>	<u>\$ 35,154,826</u>	<u>\$ 60,246,376</u>	<u>\$ 110,529,735</u>	<u>\$ 110,564,581</u>	<u>\$ 110,549,728</u>	<u>\$ 109,990,971</u>	<u>\$ 106,467,980</u>

Note:

- (1) Included in the total assessed value of property within the City is \$8,808,680 of assessed value which has been adjudicated to Caddo Parish.
- (2) State law allows a maximum of 10% of the assessed valuation for bonded debt for any purpose. However, the 10% maximum can be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. A total of \$114,262,024 of additional bonded debt is available for issuance pursuant to the 35% limitation.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
 AND NET BONDED DEBT PER CAPITA  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year	Population	Assessed Value	Gross Bonded Debt(2)	Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Debt Per Capita
1995	195,815	\$763,224,730	\$158,594,682	\$15,273,631	\$143,321,051	18.8%	\$732
1996	201,270	792,161,740	164,515,766	20,788,205	143,727,561	18.1	714
1997	201,568	832,135,880	175,120,595	22,628,716	152,491,879	18.3	757
1998	201,325	854,888,230	242,896,510	23,942,397	218,954,113	25.6	1,088
1999	201,500	855,952,380	268,296,958	27,428,681	240,868,277	28.1	1,195
2000	200,145	898,928,580	258,856,631	28,977,467	229,879,164	25.6	1,149
2001	201,059	937,275,970	278,641,502	33,982,628	244,658,874	26.1	1,217
2002	201,100	946,647,780	264,673,234	37,297,993	227,375,241	24.0	1,131
2003	202,096	964,939,480	287,762,225	42,480,003	245,282,222	25.4	1,214
2004	202,851 (1)	1,105,690,930 (3)	272,729,802	44,616,361	228,113,441	20.6	1,125

- Note:
- (1) Source: Treasurer of the State of Louisiana
  - (2) Includes all general obligation bonds payable from assessed property taxes in their original principal amount outstanding. Included in this amount is \$30,584 payable by the Water and Sewerage Fund.
  - (3) Included in the total assessed value of property within the City is \$8,808,680 of assessed value which has been adjudicated to Caddo Parish.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
 FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year	Principal	Interest and Other Costs	Total Debt Service	Total General Governmental Expenditures	Debt Service as a Percentage of General Expenditures
1995	\$9,783,852	\$11,566,450	\$21,350,302	\$151,686,311	14.1%
1996	9,673,370	10,730,233	20,403,603	148,452,456	13.7
1997	11,407,584	14,345,094	25,752,678	154,495,610	16.7
1998	14,175,866	71,312,028	85,487,894	219,435,922	39.0
1999	12,101,307	17,790,887	29,892,194	173,492,429	17.2
2000	22,581,167	16,931,849	39,513,016	180,953,148	21.8
2001	26,360,111	16,755,523	43,115,634	188,057,527	22.9
2002	26,100,991	16,811,211	42,912,202	188,768,684	22.7
2003	28,233,630	16,206,967	44,440,597	194,227,159	22.9
2004	28,278,794	16,696,286	44,975,080	218,301,485	20.6

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 GENERAL OBLIGATION BONDS AND NOTES  
 DECEMBER 31, 2004

Direct Debt	Gross Debt	Exclusions(1)	Amount Available Debt Service Fund	Net Debt	Percentage of Debt Applicable to the City(2)	City's Share of Debt
<u>City of Shreveport</u>						
General Obligation Bonds	\$272,729,802	\$ 30,584	\$44,616,361	\$228,082,857	100%	\$228,082,857
General Obligation Notes	87,851,792	--	--	87,851,792	100	87,851,792
Total Direct Debt	<u>360,581,594</u>	<u>30,584</u>	<u>44,616,361</u>	<u>315,934,649</u>		<u>315,934,649</u>
<u>Overlapping Debt</u>						
Caddo Parish Commission	10,015,000	--	1,463,737	8,551,263	79	6,755,498
Caddo Parish School Board	356,897,889	4,813,369	37,297,993	314,786,527	75.5	237,663,828
Total Overlapping Debt	<u>366,912,889</u>	<u>4,813,369</u>	<u>38,761,730</u>	<u>323,337,790</u>		<u>244,419,326</u>
Total Direct and Overlapping Debt	<u>\$727,494,483</u>	<u>\$ 4,843,953</u>	<u>\$83,378,091</u>	<u>\$639,272,439</u>		<u>\$560,353,975</u>

Note:

(1) Exclusions represent general obligation bonds and notes issued for proprietary fund purposes which are payable from those funds .  
 (2) Based on 2004 assessed valuation.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 REVENUE BOND COVERAGE  
 WATER AND SEWER BONDS  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year	Gross Revenue(1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirement		Times Coverage	
				Principal	Interest		
1995	\$42,554,739	\$21,434,807	\$21,119,932	\$6,102,241	\$4,769,601	\$10,871,842	1.94
1996	44,453,224	20,818,488	23,634,736	6,063,347	4,727,790	10,791,137	2.19
1997	40,440,600	23,190,429	17,250,171	6,371,625	4,874,574	11,246,199	1.53
1998	43,248,948	22,443,312	20,805,636	6,419,766	4,782,788	11,202,554	1.86
1999	40,480,054	23,423,832	17,056,222	6,483,541	4,664,645	11,148,186	1.53
2000	41,984,620	22,064,086	19,920,534	4,351,300	3,064,987	7,416,287	2.69
2001	37,994,398	24,424,890	13,569,508	4,658,766	3,038,722	7,697,488	1.76
2002	38,582,686	27,804,941	10,777,745	5,267,979	2,275,652	7,543,631	1.43
2003	39,359,740	27,041,477	12,318,263	6,010,064	1,973,357	7,983,421	1.54
2004	47,331,098	28,726,157	18,604,941	7,065,796	2,401,669	9,467,465	1.97

Notes:

- (1) Includes operating revenues and interest income and net changes in the fair value of investments and intergovernmental revenues.
- (2) Before depreciation and amortization expenses and after transfers out.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 REVENUE BOND COVERAGE  
 MUNICIPAL AND REGIONAL AIRPORTS  
 FISCAL YEARS ENDED DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004

Fiscal Year	Gross Revenue(1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirement		Times Coverage
				Principal	Interest	
1998	\$7,270,646	\$4,121,013	\$3,149,633	\$-	\$414,866	7.59
1999	6,574,886	4,359,948	2,214,938	--	787,709	2.81
2000	6,997,236	5,143,977	1,853,259	--	664,766	2.79
2001	6,830,601	5,245,607	1,584,994	--	927,204	1.71
2002	6,756,147	5,648,894	1,107,253	--	967,263	1.14
2003	7,120,564	6,363,397	757,167	--	596,097	1.27
2004	7,607,130	6,311,705	1,295,425	--	470,494	2.75

Notes:

- (1) Includes operating revenues, interest income, intergovernmental revenues, net fair value adjustment of investments, transfers in and excludes passenger facility charges and associated PFC debt up to the amount of the charges.
- (2) Before depreciation and amortization expenses but including transfers out.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 DEMOGRAPHIC STATISTICS  
 FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Age</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
1995	195,815	33.3	49,139	5.6%
1996	201,270	33.3	48,843	6.3
1997	201,568	34.3	48,018	5.8
1998	201,325	34.3	46,832	4.7
1999	201,500	34.5	46,011	3.6
2000	200,145	34.5	45,120	4.9
2001	201,059	35.4	44,943	7.1
2002	201,100	35.0	44,722	6.6
2003	202,096	34.7	44,532	6.1
2004	202,851 (1)	34.3 (2)	43,603	5.7

Sources:

- (1) Treasurer of the State of Louisiana
- (2) Center for Business Economic Research, Louisiana State University - Shreveport
- (3) Caddo Parish School Board
- (4) Louisiana Department of Labor

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
FISCAL YEARS ENDED DECEMBER 31, 1995 THROUGH DECEMBER 31, 2004

Fiscal Year	Commercial Construction(1)		Residential Construction(1)		Commercial	Residential
	Number of Units	Value	Number of Units	Value	Property Value(2)	
1995	79	\$33,923,714	249	\$34,100,257	\$3,530,817,633	\$2,899,799,500
1996	79	43,539,539	276	37,707,516	3,624,132,887	3,034,983,100
1997	114	119,502,459	235	37,121,897	3,848,666,193	3,094,912,500
1998	157	114,443,170	258	40,088,629	3,980,958,240	3,145,442,600
1999	168	147,216,441	378	50,678,841	3,967,175,833	3,176,642,000
2000	103	72,305,845	355	56,689,353	4,124,484,713	3,403,016,600
2001	161	57,699,144	374	56,942,287	4,431,493,320	3,456,721,000
2002	87	100,925,424	448	72,277,725	4,605,346,320	3,532,169,600
2003	80	125,055,018	694	107,285,644	4,613,848,820	3,639,300,100
2004	100	148,694,901	615	113,224,966	4,998,795,613	4,638,914,400

Bank deposits are not disclosed. Several banks in the City are part of statewide banking operations, and they are not able to isolate the deposits within the City of Shreveport.

Note: Property was revalued January 1, 2004.

Sources:

- (1) Permit and Inspection's Annual Reports
- (2) Estimated appraised value from the City of Shreveport Revenue Division's Tax Summary

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA  
 MISCELLANEOUS STATISTICS  
 DECEMBER 31, 2004

Date of settlement	1835
Date of incorporation	1839
Form of government	Mayor-Council
Date established	1978
Area-square miles	121
Lane miles of paved streets	1,564
Police protection:	Municipal
Number of policemen & officers	568
Fire protection:	Municipal
Number of firemen & officers	557
Employees:	
Classified, appointed, elected, and exempt (exclusive of fire and police)	2,228
Recreation:	
Parks - Number of acres	1,783
Number of playgrounds	46
Number of picnic areas	42
Number of municipal golf courses	3
Number of street lights	30,013
Water storage tanks:	
Number of storage tanks	13
Total capacity of water storage tanks	35,500,000 gallons
Municipal water plant:	
Number of accounts	66,000
Daily average consumption	40,000,000 gallons
Miles of water mains	1,072
Sewers:	
Number of accounts	63,000
Daily average influent flow	28,000,000 gallons
Miles of sewer mains	1,044
Miles of drainage ditches:	
Paved	408
Non-paved	930

Unaudited - see accompanying independent auditor's report.



**CITY OF SHREVEPORT, LOUISIANA**

OMB Circular A-133 Reports

December 31, 2004

(With Independent Auditors' Reports Thereon)



**CITY OF SHREVEPORT, LOUISIANA**

**Table of Contents**

	<b>Page</b>
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	1
<b>Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Schedule of Expenditures of Federal Awards</b>	3
<b>Schedule of Expenditures of Federal Awards</b>	5
<b>Notes to Schedule of Expenditures of Federal Awards</b>	8
<b>Schedule of Findings and Questioned Costs</b>	9



KPMG LLP  
Suite 1900  
333 Texas Street  
Shreveport, LA 71101-3692

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Mayor and Members of the City Council  
City of Shreveport, Louisiana:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shreveport, Louisiana (City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide opinions on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City in a separate letter dated April 29, 2005.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 29, 2005



KPMG LLP  
Suite 1900  
333 Texas Street  
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Schedule of Expenditures of Federal Awards**

The Honorable Mayor and Members of the City Council  
City of Shreveport, Louisiana:

**Compliance**

We have audited the compliance of the City of Shreveport, Louisiana (City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item 04-1 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the Davis-Bacon Act compliance requirement that is applicable to its Federal Aviation Administration Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 04-2, 04-3, 04-4, and 04-5.

## **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1, 04-2, 04-3, 04-4, and 04-5.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 04-1 to be a material weakness.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2004, and have issued our report thereon dated April 29, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

April 29, 2005

**CITY OF SHREVEPORT, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**Year ended December 31, 2004**

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
<b>Department of Transportation:</b>			
<b>Federal Transit Administration:</b>			
Direct Programs:			
Federal Transit Capital Investment Grants:			
Sportran 98 Capital Improvements	20.500	LA-90-0194/LA-90-2194	\$ 15,970
Sportran Maintenance Facility	20.500	LA-90-0207	13,134
Sportran 00 Capital Improvements	20.500	LA-90-0218 & 2218	42,019
Sportran 01 Capital Improvements	20.500	LA-90-0237 & 2237	16,679
Sportran 02 Capital Improvements	20.500	LA-90-0240 & 2240 / LA-90-03-0096	16,825
Sportran 03 Capital Improvements	20.500	LA-90-0252 & 2252	526,220
Sportran 04 Capital Improvements	20.500	LA-90-0264 & 2264	1,387,869
Total Federal Transit Administration			2,018,716
<b>Federal Aviation Administration:</b>			
Direct Programs:			
Airport Improvement Program:			
Land Acquisition Security Purposes – Reg FAR Part 150 Property	20.106	3-22-0048-24	429,000
	20.106	3-22-0048-19,21,22,24, 25,26,28,29,33&36	2,846,855
Parallel Taxiway to Runway 14/32, Rehabilitate	20.106	3-22-0048-30/31/37	62,560
Rehabilitate Taxiway F – Downtown	20.106	3-22-0047-XX	22,189
Rehabilitation of Taxiway D – Regional	20.106	3-22-0048-31	992
Drainage Improvements Safety Area	20.106	3-22-0048-31	171,856
Construct West Parallel Taxiway 4/22 Regional	20.106	3-22-0048-35	6,385,191
Security Upgrade – Regional Airport	20.106	3-22-0048-31	65,741
Taxiway C and A North Lights – Regional	20.106	3-22-0048-24&25	524,430
Redesign Taxiway D and Repair Apron – Downtown	20.106	3-22-0047-12	410,500
Install Guidance System – Downtown Airport	20.106	3-22-0047-13	38,689
ARFF Proximity Suits – Regional Airport	20.106	3-22-0048-31	30,795
Airport Layout Plans – Downtown Airport	20.106	3-22-0047-12	12,789
Total Federal Aviation Administration			11,001,587
<b>Federal Highway Administration:</b>			
Direct Programs:			
Federal Aid Program:			
Lakeshore Drive Extension Widening	20.205	FAP No. M-8867 (002) / STP-0901 (507)	2,722,700
<b>National Highway Traffic Safety Administration:</b>			
Passed through Louisiana Highway Safety Commission:			
Shreveport Enforcement Project	20.600	N/A	51,702
Total U.S. Department of Transportation			15,794,705
<b>U.S. Department of Housing and Urban Development:</b>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants:			
Community Development Block Grant	14.218	MC-22-0007	3,414,118
Section 108 Loan Guarantees	14.248	3-99-MC-22-0007, 3-99-MC-22-0007/A	5,783,927
			9,198,045

**CITY OF SHREVEPORT, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**Year ended December 31, 2004**

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
<b>U.S. Department of Housing and Urban Development (continued):</b>			
HOME Investment in Affordable Housing	14.239	MC-22-0200	\$ 1,719,826
Emergency Shelter	14.231	MC-22-0003	138,654
Passed through Louisiana Office of Community Service: State Emergency Shelter	14.231	06542	130,214
			<u>268,868</u>
Total U.S. Department of Housing and Urban Development			<u>11,186,739</u>
<b>U.S. Department of Labor:</b>			
Passed through Louisiana Department of Social Services – Office of Family Support – Louisiana J.E.T. Program	17.262	CFMS 590611	296,958
Passed through Louisiana Department of Labor: Workforce Investment Act – Adult	17.258	N/A	1,576,849
Workforce Investment Act – Youth	17.259	N/A	1,057,123
Workforce Investment Act – Dislocated Workers	17.260	N/A	1,621,357
			<u>4,255,329</u>
Total U.S. Department of Labor			<u>4,552,287</u>
<b>U.S. Department of Environmental Quality:</b>			
<b>Environmental Protection Agency:</b>			
<b>Direct Programs:</b>			
Brownfield Assessment Grant	66.811	N/A	16,706
Brownfield Economic Development Initiative	66.811	N/A	20,949
EPA Clean Air	66.811	N/A	83,535
			<u>121,190</u>
North Regional Sewer Service Area Infrastructure Rehabilitation Program	66.606	XP-986915-01-0	967,900
Vulnerability Assessments and Security Improvements	66.476	HS 82998601	21,090
Passed through State of Louisiana Department of Environmental Quality – Clean Water Program/ Sewage System Program	66.458	N/A	28,351,384
Passed through State of Louisiana Department of Health and Hospitals – Safe Drinking Water Program	66.468	N/A	4,618,724
Total U.S. Department of Environmental Quality			<u>34,080,288</u>
<b>U.S. Department of Justice:</b>			
<b>Direct Programs:</b>			
<b>Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs:</b>			
Weed and Seed Training	16.580	N/A	124,878
Weed and Seed Training – Queensborough	16.580	N/A	104,748
Weed and Seed Special Emphasis	16.580	N/A	103,156
Weed and Seed Public Housing	16.580	N/A	3,097
			<u>335,879</u>

**CITY OF SHREVEPORT, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**Year ended December 31, 2004**

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
<b>U.S. Department of Justice (continued):</b>			
Byrne Formula Grants:			
Reduction of Crack/Drug Houses	16.579	97-B1-B.07-0025	\$ 4,753
Property Crime	16.579	B03-1-013	27,931
Integrated Criminal Apprehension	16.579	B03-1-012	31,710
Antiterrorism	16.579	B03-1-014	7,537
			<u>71,931</u>
Direct Programs:			
Public Safety Partnership and Community Policing Grants:			
Police Block Grant VII	16.592	2002-LB-BX-0694	258,450
Police Block Grant VIII	16.592	2003-LB-BX-1153	165,426
			<u>423,876</u>
Asset Forfeiture	16.999999999	N/A	47,382
Asset Forfeiture – Queensborough	16.999999999	N/A	86,357
Drug Abuse Resistance Education	16.999999999	E04-1-012	61,004
A.F.I.S. 2003	16.999999999	N/A	173,370
A.F.I.S. 2004	16.999999999	N/A	183,300
Knock and Talk Grant	16.999999999	N/A	30
Safe and Sober Grant	16.999999999	N/A	4,100
Organized Crime Drug Enforcement	16.999999999	N/A	30,881
High Intensity Drug Trafficking	16.999999999	N/A	32,147
Uniform Crime Reporting Grant	16.999999999	N/A	102,398
Weapons of Mass Destruction	16.999999999	N/A	51,480
Total U.S. Department of Justice			<u>1,604,135</u>
<b>U.S. Department of Homeland Security:</b>			
Direct Programs:			
First Responder Grant	97.038	N/A	16,150
Total Department of Homeland Security			<u>16,150</u>
<b>U.S. Department of Interior:</b>			
Direct Programs:			
McNeil St Pumping Station	15.929	22-01-ML-1156	86,269
Total Department of Interior			<u>86,269</u>
<b>U.S. Department of Commerce:</b>			
Direct Programs:			
Shrevepark Interior Roads	11.300	08-01-03213	839,355
Total U.S. Department of Commerce			<u>839,355</u>
<b>U.S. Department of Health and Human Services:</b>			
Passed through Louisiana Department of Labor:			
STEPS	93.558	CFMS 610355	51,930
Total U.S. Department of Health and Human Services			<u>51,930</u>
Total Federal Financial Assistance			<u>\$ 68,211,858</u>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF SHREVEPORT, LOUISIANA**

**Notes to Schedule of Expenditures of Federal Awards**

December 31, 2004

**(1) General**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Shreveport, Louisiana (the City) and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**(2) Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grant	14.218	\$ 445,610
HOME Investment in Affordable Housing	14.239	808,584
Workforce Investment Act	17.258, 17.259, 17.260	1,705,104

**CITY OF SHREVEPORT, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**Year ended December 31, 2004**

**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

Type of report issued on the basic financial statements: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions in internal control were disclosed by the audit of the basic financial statements? None reported

Noncompliance which is material to the basic financial statements? No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? Yes
- Reportable conditions in internal control over major programs? Yes

Type of auditor’s report issued on compliance for major programs: qualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
20.106	Department of Transportation – Federal Aviation Administration – Airport Improvement Program
20.205	Department of Transportation – Federal Highway Administration – Federal Aid Program – Lakeshore Drive Extension Widening
20.500	Federal Transit Administration – Department of Transportation – Federal Transit Capital Investment Grants
66.458	Environmental Protection Agency – Office of Water – Clean Water Act
66.468	Environmental Protection Agency – Office of Water, Office of Ground Water and Drinking Water – Safe Drinking Water Act
66.606	Environmental Protection Agency – North Regional Sewer Service Area Infrastructure Rehabilitation Program

Dollar threshold used to distinguish between Type A and Type B programs: \$883,735

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: No

**CITY OF SHREVEPORT, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2004

**Section 2 – Financial Statement Findings Reported in Accordance with *Government Auditing Standards***

None

**Section 3 – Federal Award Findings and Questioned Costs**

**Item:** 04-1

**Grant:** Federal Aviation Administration – Airport Improvement Program

**CFDA Number:** 20.106

**Grant Numbers:** 3-22-0048-031 and 3-22-0048-035

**Criteria or specific requirement:** Davis-Bacon Act

**Type of Finding:** Material noncompliance and material weakness

**Condition:** Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirement of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity a weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). During our audit, we noted two contractors (Wilhite Electric and Russell Electric) did not submit a signed statement of compliance as required by the Davis-Bacon Act.

**Questioned Costs:** \$529,927

**Context:** The City had six projects under the grant with payroll costs during the year. Some projects only incurred costs during a portion of the year. A total of seven contractors were used for all of the projects. Only two of the seven contractors used subcontractors. We selected 15 weeks of payroll during the year and reviewed one contractor for each week. We reviewed payroll for six different contractors. After expansion of our testwork we noted that the two contractors with exceptions continued to have exceptions.

**Effect:** The City is not in compliance with the Davis-Bacon Act. This results in a lack of certification from the contractor to ensure reimbursement requested from the Federal Aviation Administration is in compliance with the required prevailing wage rate.

**Cause:** While we noted that a control was in place for airport management and the master services engineer to review the submitted payroll, it was not operating effectively. Submitted documentation was being initialed as reviewed but errors were not identified. Appropriate procedures are not in place to ensure that the contractors submit a signed statement of compliance.

**Recommendation:** We recommend the City implement procedures to document that a certified payroll and statement of compliance is received from the contractor and reviewed by the City.

**CITY OF SHREVEPORT, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2004

**Management's Response:**

- A) Name of Contact Responsible - Manager of Administrative Services
- B) Corrective Action Planned - As noted by the finding, procedures are already in place for Airport management and the Master Service Engineer to review the submitted payroll. However, these procedures will be revised to ensure a more efficient process. The Payment Processing Checklist will be revised to state "Certified" payroll attached and the Manager of Administrative Services and the Management Assistant will ensure compliance. The engineer will identify any errors in the wage rates. The Accounting Specialist will continue to audit the certified payroll and identify any arithmetic errors.
- C) Anticipated Completion Date - Immediately

**Item: 04-2**

**Grant:** Federal Aviation Administration – Airport Improvement Program

**CFDA Number:** 20.106

**Grant Number:** 3-22-0048-035, 3-22-0047-012, 3-22-0048-33

**Criteria or specific requirement:** Cash Management

**Type of Finding:** Noncompliance and reportable condition

**Condition:** When entities are funded on a reimbursement basis, program costs must be paid for with entity funds before reimbursement may be requested from the Federal Government. During our audit, we noted four instances (check numbers 340456, 343095, 336218 and 345525) where program costs were requested for reimbursement prior to being paid by the City.

**Questioned Costs:** None.

**Context:** Out of a total sample of 44 checks, four instances were found whereby the check date was subsequent to request for reimbursement.

**Effect:** The City is not in compliance with cash management requirements.

**Cause:** Appropriate procedures are not in place to ensure that reimbursements are requested only after payment has been made by the City.

**Recommendation:** We recommend that the City implement procedures to verify and document that payment has been made before reimbursement is requested. The City should also implement procedures to reconcile reimbursement requests to the general ledger.

**Management's Response:**

- A) Name of Contact Responsible – Management of Administrative Services

**CITY OF SHREVEPORT, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2004

B) **Corrective Action Planned** – We agree that there may be some instances in which the reimbursement request was made prior to the invoice being paid by the City. Our current procedure is to submit the invoice to the Finance Department for payment, then we prepare the reimbursement request. The Management Assistant will now review the FAMIS system to ensure that a check has printed before the reimbursement request is processed.

C) **Anticipated Completion Date** - Immediately

**Item:** 04-3

**Grant:** Federal Aviation Administration – Airport Improvement Program

**CFDA Number:** 20.106

**Grant Number:** 3-22-0048-031

**Criteria or specific requirement:** Equipment and Real Property Management

**Type of Finding:** Noncompliance and reportable condition

**Condition:** The percentage of federal participation and the condition of the equipment were not included in the property records for the runway sweeper per prior year item 03-2. Corrective action planned has not been completed.

**Questioned Costs:** None.

**Context:** See condition above.

**Effect:** This results in a lack of information to ensure reimbursement to the FAA for the federal share of sales proceeds when subject equipment is sold and to ensure proper valuation of equipment for reporting, depreciation, replacement, and disposal.

**Cause:** Appropriate procedures are not in place to ensure that the federal participation and equipment condition are documented in the property records.

**Recommendation:** Create appropriate fields in the fixed asset system to record federal participation and the equipment's condition at the time of acquisition. Implement procedures to record information and compute reimbursement as equipment and real estate are sold.

**Management's Response:**

A) **Name of Contact Responsible** - Fixed Asset Accountant

B) **Corrective Action Planned** - During 2004, attempts were made to use fields in the Fixed Asset System to identify federal participation, but the system did not recognize these fields. It was determined that programming changes would be required. Changes and testing will be done in 2005.

C) **Anticipated Completion Date** - October 2005

**CITY OF SHREVEPORT, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2004

**Item:** 04-4

**Grant:** Environmental Protection Agency – North Regional Sewer Service Area Infrastructure Rehabilitation Program

**CFDA Number:** 66.606

**Grant Number:** XP-986915-01-0

**Criteria or specific requirement:** Reporting

**Type of Finding:** Noncompliance and reportable condition

**Condition:** The City's agreement with the Environmental Protection Agency states: "The recipient agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements. The recipient agrees to submit an EPA form 5700-52A "MBE-WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreement" beginning with the federal fiscal year quarter the recipient receives the award, and continuing until the project is complete." During our audit, we noted the form 5700-52A "MBE-WBE" Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreement did not include required data regarding the "MBE-WBE" utilization by the City. Reports over the time period that construction work was performed should have contained costs, but all the reports in 2004 were filed without any relevant construction labor cost reported. The City did not request supporting information from the contractor related to "MBE-WBE" utilization in order to complete the form correctly.

**Questioned Costs:** None.

**Context:** We tested 100% of the population of reports.

**Effect:** The City is not in compliance with reporting requirements.

**Cause:** Appropriate procedures are not in place to properly review and document that MBE-WBE utilization reports are submitted by contractors and properly reported to the federal agency.

**Recommendation:** We recommend the City implement procedures to document that MBE-WBE utilization reports are submitted by contractors and reviewed by the City and information is properly reported to the Federal Agency.

**Management's Response:**

- A) Name of Contact Responsible - Grant Writer and Project Manager
- B) Corrective Action Planned - The EPA DBE Coordinator requested that the City report the total contract amount for MBE/WBE utilization on Form 5700-52A when executed rather than showing costs as expenditures occur. The City is inclined to comply with the federal agency's request since it has the authority to withhold funding.
- C) Anticipated Completion Date - August 31, 2005

**CITY OF SHREVEPORT, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2004

**Item:** 04-5

**Grant:** Environmental Protection Agency – North Regional Sewer Service Area Infrastructure Rehabilitation Program

**CFDA Number:** 66.606

**Grant Number:** XP-986915-01-0

**Criteria or specific requirement:** Matching

**Type of Finding:** Noncompliance and reportable condition

**Condition:** The City is required to provide contributions of 45% of approved costs, and the agency provides the remaining 55%. The City requested 57.10% of the existing contract cost. The reimbursement request was not in compliance with matching requirements of the grant based on the existing contract with the contractor.

**Questioned Costs:** \$35,571

**Context:** See condition above.

**Effect:** The City is not in compliance with the matching requirements of the grant and may be required to refund grant revenue to the federal agency at the end of the project.

**Cause:** Reimbursement was requested based on total amount allowed without consideration of matching requirements. Appropriate procedures are not in place to review and document that reimbursement requests consider the matching requirements of the grant.

**Recommendation:** We recommend the City implement procedures to review and document that the matching requirement is considered at the time of the reimbursement.

**Management's Response:**

- A) Name of Contact Responsible - Grant Writer and Project Manager
- B) Corrective Action Planned - The City requested reimbursement aware of an impending change order which would increase the contract amount. That change order became effective on February 1, 2005, making the City's effective request 55% of the amended contract. The City is confident that it will contribute more than its 45% costs share and will not be required to refund grant revenue to the federal agency at the end of the project.
- C) Anticipated Completion Date - August 31, 2005

City of Shreveport  
Summary Schedule of Prior Audit Findings  
December 31, 2004

Finding: 03-1

R.S. 24:514 requires municipal retirement system funded in whole or in part out of public funds shall furnish to the legislative auditor, annually, actuarial valuations. Such valuations shall be submitted to the legislative auditor between the first and one hundred twentieth day following the close of the fiscal year of the retirement system.

The City of Shreveport has three retirement systems funded in whole or part out of public funds. The City of Shreveport did not file the related actuarial valuations with the legislative auditor's office prior to the one hundred twentieth day following the close of the fiscal year of the retirement system.

Status: Corrective action was taken

Finding: 03-2

Grant: Federal Aviation and Administration

Equipment and Real Property Management. The percentage of federal participation and the condition of the equipment were not included in the property records for the runway sweeper.

Status: Partially Complete. The fixed asset system has been moved into test, and the fields have been changed to note federal participation. Testing has not been completed but should be finished and completed by 2004 year end.

Finding: 03-3

Grant: Federal Aviation and Administration

Real Property Acquisition and Relocation. The City does not have procedures in place to monitor the acquisition and relocation assistance performed by its contracted consultant, W.D. Shock, for compliance with federal requirements.

Status: Corrective action was taken



KPMG LLP  
Suite 1900  
333 Texas Street  
Shreveport, LA 71101-3692

April 29, 2005

**CONFIDENTIAL**

Mr. Theron Jackson, Chairman  
Audit Subcommittee and Members of the City Council  
City of Shreveport, Louisiana

Ladies and Gentlemen:

We have audited the financial statements of the City of Shreveport, Louisiana (the City) for the year ended December 31, 2004, and have issued our report thereon dated April 29, 2005. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

**BID LAW**

The City entered into a contract with Bioset of Shreveport LLC, to process sludge from the Lucas Water Treatment Plant and grow sod, which is sold back to the City. The City donated approximately 450 acres to Bioset on which Bioset would be responsible for building the facility and maintaining a sod farm. The City agreed to provide Bioset with at least 15 dry tons of sludge per day and pay Bioset a minimum of \$112,500 per month for 25 years for processing the sludge.

While the City followed internal procedures for a service contract and did not place this transaction out for bid, a complaint alleges the City circumvented the bid law by portraying the contract as a service rather than as a public works project given that it involves construction of a facility on public land among a number of other issues. Recently, Bioset has abandoned the facility and the City is exploring its legal options in connection therewith. Based on the complaint and the number of issues involved, the City should consider the need to obtain an attorney general's opinion in this matter. While ultimately the City may have complied with the bid law consideration should be given to the benefits of placing transactions out for bid which allows for competition among bidders, helps to eliminate the possibility of fraud and favoritism and avoids undue or excessive costs.

**Management's response** – The contract with Bioset was a professional services contract. Bioset was hired to process sewerage sludge from the City's Lucas Wastewater Treatment Plant into "Class A" material; suitable for most any use without restriction. Under the contract, Bioset was also required to

Mr. Theron Jackson, Chairman  
Audit Subcommittee and Members of the City Council  
April 29, 2005  
Page 2

develop a sod farm using the bulk of the processed material as a soil conditioner, and the City would receive a portion of the sod for its needs. Other service proposals were considered and rejected prior to Bioset's selection, including a proposal for the processing of sludge into a fuel product in conjunction with a proposed power plant at the Port, and the trucking of raw sludge to a composting facility.

Payment to Bioset for services performed was made by volume-based "tipping fees". The City granted Bioset a right of use (not a donation, as stated in the comment) of its sludge farm so that it could construct facilities to perform these services. These facilities are owned, maintained, and operated by Bioset without direction or control by the City.

Bioset has defaulted on its obligation under the contract (primarily, the obligation to develop a turf farm and provide the City with turf) and has recently filed for bankruptcy. Because of the imminent need of uninterrupted operation of the facility, the City is currently operating the facility as "keeper." The City is now considering all options available to it for the long term handling of its sludge; including identifying new service providers to operate the plant, acquisition, and operation of the plant itself, and other possible alternatives.

#### **COSWEB RECONCILIATION**

The reconciliation of COSWEB to the general ledger has not been performed in a timely manner. In December 2004 we requested the September 2004 reconciliation which had not been prepared. As of March 2005 the delinquent reconciliations were completed and were being prepared on a timely basis. In addition, we noted that review of the reconciliation was not documented.

We recommend that the City implement procedures to ensure all reconciliations of accounts are completed timely, reviewed by someone other than the preparer and the review be documented.

**Management's Response** – We agree that reconciliations were not performed in a timely manner. We will monitor these to ensure timely reporting and the Water and Sewerage fund accountant will document that a review has been performed.

#### **RECONCILIATION OF FEDERAL PROGRAMS**

Consistent with our comment in the prior year, we noted instances in which reconciliations of the support for grant programs to the general ledger were not performed. Specifically we identified the following:

- A receivable was not recorded for the Department of Commerce EDA grant. Costs were incurred in 2003 but reimbursement was not requested until August 2004. Thus, the reimbursement request was not timely and accounting was not aware of the grant or the receivable until the revenue was received.

Mr. Theron Jackson, Chairman  
Audit Subcommittee and Members of the City Council  
April 29, 2005  
Page 3

- Reimbursement requests are not made timely for the Airport Improvement Program. Specifically, as of December 16, 2004 we noted the following invoices that had been paid for which reimbursement had not been requested:

		<u>Payment Date</u>
■ Alliance, Inc.	\$12,945	June 25, 2004
■ Best Yet Builders, LLC	\$372,941	September 22, 2004
■ W.D. Shock	\$14,747	October 29, 2004

We, again recommend that a reconciliation process be implemented between the reimbursement requests and the expenditures per the general ledger documenting any differences. Each grant administrator should be responsible for periodically performing this review to ensure that the amounts reported on the reimbursement requests reflect the amounts in that particular grant's expenditure index codes. Based on these facts and the repeat comments, consideration should be given to centralizing grant accounting in the Accounting Division.

**Management's Response** (Department of Commerce EDA grant) – This project (442988), Shreve Industrial Park Roadway, was established in 1996 and has had multiple funding sources over the years. Grant sources were budgeted prior to actual approvals. Accounting previously tried to accrue revenue against a state grant that was not approved at that point, and the auditors disallowed this accrual in 2003. We were not aware that the EDA grant was approved. This project is handled by a City engineer, and we have requested that he notify Accounting as to future drawdowns. Funds were not received until September 2004, which would not have been a timely accrual for 2003. We will continue to monitor this project in coordination with the City engineer in charge of the project.

**Management's Response** (Airport Improvement Program) – We disagree with the general statement that reimbursements are not being made timely for the Airport Improvement Program. However, we do agree that the reimbursement requests for the invoices in question were not made timely. A monthly reconciliation is being prepared by the Manager of Administrative Services and forwarded to the applicable personnel to ensure more timely reimbursement requests.

**UNCLAIMED PROPERTY**

The City has unclaimed property in the form of outstanding checks totaling \$390,988 that has not been remitted to the State of Louisiana. We recommend the City review this unclaimed property, remit the appropriate amounts to the state, and implement procedures to locate the owners and more timely remit unclaimed items to the state.

**Management's Response** – We were unaware of this requirement. However, we have determined this comment is correct and the City will follow this recommendation.

Mr. Theron Jackson, Chairman  
Audit Subcommittee and Members of the City Council  
April 29, 2005  
Page 4

### PROCUREMENT CARD

We noted three procurement cardholders had not submitted supporting reimbursement documentation as of December 2004 for three reimbursement requests. One was from June 2004 and the remaining two were from October 2004. The documentation for the two in October were subsequently received but no documentation was received for the June 2004 statement. We recommend the City implement procedures to ensure all proper documentation is timely received to support the expenditures purchased with the procurement card.

**Management's Response** – We agree that supporting documentation was not received timely. Accounting will send monthly correspondence to departments detailing outstanding supporting documentation.

### SPORTRAN

During 2004, the City capitalized the costs for the Metro Planning Study, a study, for which the purpose is to determine if additional and/or extended SporTran services would be beneficial to the City. Also included in these capitalized costs were labor costs. These expenses did not appear to be valid capital expenditures and, therefore, were expensed through an adjustment. We recommend the City implement procedures with respect to SporTran to ensure assets qualify for capitalization and have initial useful lives extending beyond a single reporting period.

**Management's Response** – We agree that these costs should be expensed and appropriate entries were made in the year reported. Future projects will be evaluated to determine if they meet capitalization requirements.

### CONSTRUCTION IN PROGRESS

During 2004, there were several construction in progress (CIP) accounts that had little or no activity. Some of these were on going projects awaiting funding or development, however, others were completed projects that should have been closed and reclassified as capital assets. By not closing these projects timely, the City has understated depreciation on these projects. We recommend the City implement procedures to review CIP at least quarterly to determine if projects should be closed and reclassified as capital assets.

**Management's Response** – We agree and will implement appropriate review procedures on a periodic basis.

### PAYROLL

Certain payroll files have not been purged since 1997. The files include active employees as well as employees that have "separated" from the City. The separated employees will continue to be corrected in the files until the system is purged. We recommend the City purge the system periodically to eliminate separated employees as this could provide a potential avenue for paying a fictitious employee.

Mr. Theron Jackson, Chairman  
Audit Subcommittee and Members of the City Council  
April 29, 2005  
Page 5

**Management's Response** – We agree and will purge files through December 31, 2000 on July 1, 2005. Files will be purged periodically in the future.

\*\*\*\*\*

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the company's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



**SHREVEPORT REGIONAL AIRPORT**

**Passenger Facility Charge Program**

**Year ended December 31, 2004**

**(With Independent Auditors' Reports Thereon)**

---

# SHREVEPORT REGIONAL AIRPORT

## Table of Contents

	<b>Page</b>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance With Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance and Schedule of Passenger Facility Charges Revenues and Disbursements	3
Schedule of Passenger Facility Charges Revenues and Disbursements and Accompanying Notes	5
Schedule of Passenger Facility Charge Program Findings and Questioned Costs	7



KPMG LLP  
Suite 1900  
333 Texas Street  
Shreveport, LA 71101-3692

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Mayor and Members of the City Council  
City of Shreveport, Louisiana:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shreveport, Louisiana (City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City in a separate letter dated April 29, 2005.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 29, 2005

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, and contracts caused by error or fraud that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

#### **Schedule of Passenger Facility Charges Revenues and Disbursements**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2004, and have issued our report thereon dated April 29, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of passenger facility charges revenues and disbursements is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor and City Council members, audit subcommittee, management, the State of Louisiana Legislative Auditor, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

April 29, 2005

## SHREVEPORT REGIONAL AIRPORT

### Schedule of Passenger Facility Charges Revenues and Disbursements

Year ended December 31, 2004

	Cumulative 2003 Program Total	Quarter 1 January - March	Quarter 2 April - June	Quarter 3 July - September	Quarter 4 October - December	2004 Total	Cumulative 2004 Program Total
<b>Revenue:</b>							
Collections	\$ 9,691,241	251,263	339,998	319,199	384,356	1,294,816	10,986,057
Interest	1,725,221	596	2,117	1,649	(705)	3,657	1,728,878
<b>Total revenue</b>	11,416,462	251,859	342,115	320,848	383,651	1,298,473	12,714,935
<b>Disbursements:</b>							
Application 93-01 as amended by 95-02:							
Terminal renovation	4,926,700	—	—	—	—	—	4,926,700
Debt service payments	6,444,269	—	419,049	—	949,049	1,368,098	7,812,367
<b>Total disbursements</b>	11,370,969	—	419,049	—	949,049	1,368,098	12,739,067
<b>Net PFC revenue</b>	\$ 45,493	251,859	(76,934)	320,848	(565,398)	(69,625)	(24,132)
PFC account balance	\$ 45,493	297,352	220,418	541,266	(24,132)	(24,132)	(24,132)

See accompanying notes to schedule of passenger facility charges revenues and disbursements.

## SHREVEPORT REGIONAL AIRPORT

### Notes to Schedule of Passenger Facility Charges Revenues and Disbursements

December 31, 2004

**(1) General**

The accompanying schedule of passenger facility charges revenues and disbursements is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**(2) Passenger Facility Charges Matching Funds**

Effective November 1, 2002, the Federal Aviation Administration approved an amendment to the Airport's passenger facility charge (PFC) application raising its PFC from \$3.00 (the rate since February 1, 1994) to \$4.50 per passenger enplanement. A PFC application was approved on February 6, 1996 to approve the use of PFC revenue for debt service and financing costs of PFC approved projects. Also, the total approved net PFC revenue to be collected was reduced. In accordance with the Records of Decision between the Airport and the Federal Aviation Administration, the Airport has used PFC revenues to fund debt service and financing costs of the Airport's terminal renovation project. The renovated terminal is leased to air carriers based on the amount of occupied square footage and a prescribed rate schedule.

## SHREVEPORT REGIONAL AIRPORT

### Schedule of Passenger Facility Charge Program Findings and Questioned Costs

Year ended December 31, 2004

#### Section 1 – Summary of Auditor’s Results

##### Financial Statements

Type of report issued on the basic financial statements: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions in internal control were disclosed by the audit of the financial statements? None reported

Noncompliance which is material to the basic financial statements? No

##### Passenger Facility Charges

Type of report issued on the passenger facility charge program: unqualified opinion

Internal control over the passenger facility charge program:

- Material weaknesses identified? No
- Reportable conditions in internal control over major programs? None reported

Type of auditor’s report issued on compliance for the passenger facility charge program: qualified opinion

Any audit findings disclosed that are required to be reported in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration? Yes

Quarterly revenue and disbursements reconcile with submitted quarterly reports? Yes

Passenger facility charge program revenue and interest in the general ledger agreed to amounts reported on FAA Form 5100-127? Yes

The Public Agency maintains a separate financial accounting record for each application? Yes

Funds disbursed were for passenger facility charge program eligible items as identified in the FAA decision to pay only for the allowable costs of the projects? Yes

Monthly carrier receipts reconciled with quarterly carrier reports? Yes

Passenger facility charge program revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds? Yes

Serving carriers notified of passenger facility charge program actions/changes approved by the FAA? Yes

Quarterly reports transmitted (or available via Web site) to remitting carriers? Yes

The Public Agency is in compliance with Assurances 5, 6, 7, and 8? No

**SHREVEPORT REGIONAL AIRPORT**

Schedule of Passenger Facility Charge Program Findings and Questioned Costs

Year ended December 31, 2004

Project administration is carried out in accordance with Assurance 10? Yes

For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence? N/A

**Section 2 – Financial Statement Findings Reported in Accordance With *Government Auditing Standards***

None

**Section 3 – Passenger Facility Charges Findings and Questioned Costs**

Item: 04-1

Criteria or specific requirement: The provisions of 14 CFR Part 158, Appendix A, Assurance 8, prohibits the airport from including in its rate base by means of depreciation, amortization or other means, that portion of the capital costs of a project paid for by PFC revenue.

Condition: We obtained the 2004 calculation of rental rates for terminal rentals. Included in the costs used to determine the rates is the debt service for the 1997 PFC bonds. These bonds are paid with PFC revenue.

Questioned cost: None

Context: See condition above.

Effect: The Authority was not in compliance with 14 CFR Part 158, Appendix A, Assurance 8.

Cause: Unknown.

Recommendation: The Authority should not include any capital costs of a project paid for by PFC revenue, in its determination of terminal rental rates.

Management's response:

A) Name of contact responsible –

Manager of Administrative Services

B) Corrective action planned –

We do not agree that the Authority was not in compliance with 14 CFR Part 158 Appendix A, Assurance 8. The Airport did not include by means of depreciation, amortization or other means any portion of the capital costs of a project paid for by PFC revenue. While it is true that we did include the debt service for the 1997 PFC bonds in 2004 calculation of the rental rates for the terminal rentals, we also included the PFC revenue in the rate calculation. Therefore, only the "net amount" or the amount that the debt service exceeded the revenue impacted the rental rates for 2004. This amount was funded by our operating account and can be included in the rate calculation.

C) Anticipated completion date –

N/A